

***United States Court of Appeals
for the Second Circuit***



APPENDIX

76-7046

IN THE
United States Court of Appeals
FOR THE SECOND CIRCUIT

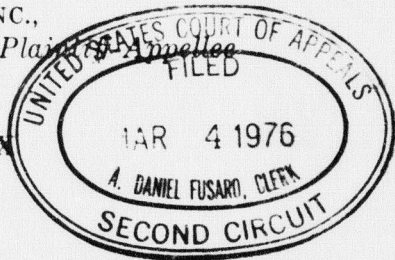
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Appeal No. 76-7046

LEE PHARMACEUTICALS,
Defendant-Appellant
v.

CERAMCO, INC.,
Plaintiff-Appellee

APPENDIX



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PAGINATION AS IN ORIGINAL COPY

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Order to Show Cause dated April 12, 1974	216
Plaintiff's Memorandum in Support of Motion for Preliminary Injunction	217

DOCKET ENTRIES

DATE	FILINGS-PROCEEDINGS	
4-12-74	Complaint filed. Summons issued.	1
4-12-74	Clerk's order appointing individual to serve summons & complaint filed.	2
4-23-74	Summons returned and filed/executed.	3
4-23-74	By DOOLING, J.—Order to show cause dtd 4-12-74 for an order to enjoin deft from using the trademark GENIE, ret 4-26-74 at 9:30 A.M. with proof of service (annexed to summons) filed.	4
4-23-74	Memorandum of law in support of preliminary injunction filed.	5
4-26-74	Before COSTANTINO, J.—Case called—Order to show cause adjd to 4-30-74	
4-30-74	Motion of Lee Pharmaceuticals for an order to dismiss complaint of ground of lacking jurisdiction filed.	6
4-30-74	Affidavit of Thomas W. Towell, Jr. filed.	7
4-30-74	Pltff's memorandum of law filed.	8
4-30-74	Before COSTANTINO, J.—Case called. Motion to enjoin deft adjd to 5-9-74 at 10 am.	
5- 7-74	Deft's interrogatories 1 to 14 to pltff filed.	9
5- 7-74	Deft's first request to produce filed.	10
5- 7-74	Notice to take deposition of H. Gordon Pelton, et al filed.	11
5- 9-74	Before COSTANTINO, J.—Case called for hearing on order to show cause to enjoin defts. Hearing ordered & begun. Hearing continued to 6-6-74 at 10 A.M. —All briefs by 5-16-74.	

DATE	FILINGS-PROCEEDINGS	
5-15-74	Stenographer's transcript of 4-26-74 filed.	12
5-15-74	Stenographer's transcript of 4-30-74 filed.	13
5-15-74	Stenographer's transcript of 5-9-74 filed.	14
5-20-74	Deft's memorandum in support of its federal Civil Rule 12b motions filed.	15
5-20-74	Deft's interrogatories to plttf filed.	16
5-20-74	Deft's second request for production of documents filed.	17
5-21-74	Notice of Motion, ret. 5-30-74 filed re: for an order that the court conduct an evidentiary hearing upon the plttf's motion for a preliminary injunction, etc.	18
5-21-74	Deft's Memorandum in Support of Motion for Evidentiary hearing and for other relief filed.	19
5-21-74	Notice of Motion, ret. 5-30-74 filed re: that the firm of Rogers & Wells be disqualified from further participation in the litigation, etc.	20
5-21-74	Deft's Memorandum of Law in Support of above motion filed.	21
5-23-74	Plttf's memorandum in opposition to deft's motion to dismiss complaint filed.	22
5-23-74	Notices to take deposition of Culver Laboratories, Inc. and Wilkinson Company filed.	23/24
5-28-74	Notice of motion for an order striking deft's notice of deposition etc. ret. 5-9-74 and memorandum of law filed.	25/26
5-28-74	Copy of plttf's memorandum in opposition to deft's rule 12b motion filed.	27

DATE	FILINGS-PROCEEDINGS	
5-28-74	Notice of motion and memorandum of law in support of motion for an order staying all proceedings, ret 6-6-74 at 9:30 A.M.	28-30
5-28-74	Notice of motion and memorandum of law to consolidate preliminary injunction hearing ret 6-6-74 filed.	31/32
5-29-74	Affidavit of Edward S. Irons filed	33
5-29-74	Affidavit of Martin J. Spellman, Jr. filed.	34
5-30-74	Before COSTANTINO, J.—Case called. Deft's motion for an order that T. W. Towell & firm of Rogers & Wells be disqualified from further participation in litigation etc. denied. Deft'd motion for an order that court conduct evidentiary hearing etc. argued & adjd. to 6-20-74 @ 10:00 A.M.	—
5-31-74	Notice of Motion, ret. June 20, 1974 filed re: for a list of plttf's	35
5-31-74	Notice to take deposition of Wilkinson Co. filed.	36
5-31-74	By COSTANTINO, J. — Order dated 5-30-74 filed denying motion for T.R.O.	37
6- 3-74	Notice of appeal filed. Duplicate mailed to C of A & plttf. jn	38
6- 4-74	Stenographer's transcript dtd 5-30-74 filed.	39
6- 6-74	Before COSTANTINO, J.—Case called—Deft's motion for discovery argued—Granted.	
6- 7-74	By COSTANTINO, J.—Order dtd 6-3-74 denying motion to dismiss complaint filed.	40

DATE	FILINGS-PROCEEDINGS	
6-10-74	Notice of appeal filed. Duplicate mailed to C of A & plttf. jn	41
6-11-74	Stenographer's transcript of 6-6-74 filed.	42
6-12-74	Deft's notice to take deposition of Thos W. Towell, Jr., & James W. Paul filed.	43
6-12-74	Deft's notice to take deposition of H. Gordon Peltn, James L. Sleining & John H. Leatherman filed.	44
6-12-74	Deft's notice to take deposition of D. Neustadt, Johnson & Johnson, Harold L. Warner & Michael J. Ryan, Jr. filed.	45
6-13-74	Notice to take deposition of Dr. Henry Lee filed.	46
6-14-74	Three amended notices of depositions filed.	47, 48, 49
6-17-74	ANSWER and counterclaim with demand for jury trial filed. Supplemental summons issued.	50
6-18-74	Notice to take deposition of Johnson & Johnson filed.	51
6-20-74	Before COSTANTINO, J.—Case called—Motion adjd to 7-22-74	
6-21-74	Amended Notice of Deposition filed	52
6-25-74	Notice of motion and memorandum of law for an order to produce ret 7-3-74 at 10 A.M. filed.	53/54
6-25-74	Notice of motion and memorandum of law for sanctions against plttf. for failure to answer interrogatories ret 7-3-74 at 10 A.M. filed.	55/56

DATE	FILINGS-PROCEEDINGS	
6-25-74	Notice of motion and memorandum Of law to compel answers to interrogatories ret 7-3-74 at 10 A.M. filed.	57/58
6-26-74	By COSTANTINO, J.—Order to show cause dtd 6-25-74 and memorandum of law to vacate deposition by deft ret 7-1-74 at 9:30 A.M. with proof of service filed.	59
6-28-74	Affidavit in Opposition to Motion by Ceramco for Protective Order filed.	60
6-28-74	Deft's Memorandum in Opposition to Pltff's Motion under Rule 26(c) (1) to vacate certain deposition notices filed.	61
7- 1-74	Notice of Deposition of deft filed.	62
7- 1-74	Deft's Memorandum in opposition to pltff's motion under Rule 26 to vacate certain deposition notices filed.	63
7- 1-74	Supplemental submission in support of Notice of Motion of Lee Phas. under 37(a) thru (d) filed.	64
7- 1-74	Affidavit in Opposition to motion by Ceramco for protective order filed.	65
7- 1-74	Affidavit in Support of Motion by Martin J. Spellman filed.	66
7- 1-74	Errata Sheet and substitute page 16 for deft's memorandum in opposition to pltff's motion under Rule 26(c) (1) to vacate certain deposition notices filed.	67
7- 1-74	Supplement to deft's memorandum in opposition to pltff's motion to vacate certain deposition notices filed.	68

DATE	FILINGS-PROCEEDINGS	
7- 1-74	Before COSTANTINO, J.—Case called for hearing on order to show cause vacating depositions. Motion argued & denied.	69
7- 2-74	Supplemental summons returned and filed/executed.	70
7- 2-74	Notice to take deposition of Johnson & Johnson filed.	71
7- 3-74	Amendment to answer and counterclaim filed. Second supplemental summons issued.	72
7- 3-74	Order appointing for personal service of second supplemental summons filed.	73
7- 3-74	Deft's affidavit pursuant to rule 9(f) filed.	74
7- 3-74	Deft's notice of designation of record filed.	75
7- 3-74	Reply of Ceramco, Inc. to Lee Pharmaceuticals counterclaim filed.	76
7- 5-74	Notice of motion and memorandum of law for an order adding Johnson and Johnson as a party deft ret 7-11-74 at 10 a.m. filed.	77/78
7- 5-74	Affidavit of Mary Helen Sears in support of motion to add party deft filed.	79
7- 5-74	Notice of motion and memorandum of law to reconsider July 1, 1974 ruling ret 7-11-74 at 10 A.M. filed.	80/81
7- 5-74	Notice to take deposition of Harold N. Culver filed.	82
7- 5-74	Letter from Edward S. Irons to Judge Costantino dtd 4-23-74 filed.	83
7- 5-74	Affidavit of Thomas W. Towell, Jr. filed.	84

DATE	FILINGS-PROCEEDINGS	
7- 5-74	Memorandum of law in opposition to deft's motion for an extension of time, etc. filed.	85
7- 5-74	Response to deft's motion filed.	86
7- 8-74	Second supplemental summons returned and filed/executed.	87
7- 8-74	Notice to take deposition of Robert Fuller filed.	88
7- 8-74	Notice to take deposition of Otis Richardson filed.	89
7-10-74	Amended notice to take deposition of James L. Sleinger filed.	90
7-10-74	Deft's further affidavit under local rule 9(g) filed.	91
7-11-74	Deft's answers to certain of plttf's interrogatories (15-55) filed.	92
7-11-74	Notice of motion for a protective order ret 7-11-74 filed.	93
7-11-74	Amended notice relative to deft's motions now scheduled for hearing 7-11-74 filed.	94
7-11-74	Notice to take deposition of Warren Herbstmann filed.	95
7-11-74	Before COSTANTINO, J.—Case called for hearing on deft's motion to add Johnson & Johnson as party deft and for a reconsideration of ruling on 7-1-74. No appearances. Marked off.	
7-12-74	Second supplemental affidavit of deft's counsel under local rule 9(f) filed.	96
7-12-74	Notice to take deposition of J. T. Woodward, III filed.	97

DATE	FILINGS-PROCEEDINGS	
7-15-74	Reply memorandum in support of def't's motion to add Johnson & Johnson as a def't on the counterclaim as amended filed.	98
7-16-74	Notice of cross motion of pl'tff striking certain allegation, ret 7-18-74 filed.	99
7-16-74	By COSTANTINO, J. — Order dtd 7-16-74 filed that the above case is referred to the Magistrate to schedule the completion of discovery, etc. (copy sent to magistrate).	100
7-17-74	Record on appeal certified and handed to Martin J. Spellman for delivery to C of A.	
7-18-74	Before COSTANTINO, J.—Case called & submitted to Mag. Catoggio.	
7-18-74	Memorandum in opposition to pl'tff's motion pursuant to Rule 26(c) for an order vacating def't's notice to take the deposition of Johnson and Johnson pursuant to rule 30(b) (6) filed.	101
7-18-74	Reply memorandum in support of motion of Lee Pharmaceuticals to reconsider the July 1, 1974 ruling as to previously-noticed and subpoenaed witnesses Michael J. Eyan, Jr. and T. Towell filed.	102
7-18-74	Def't's memorandum in opposition to Ceramco's July 9, 1974 Second motion under rule 26(c) to vacate the notice of deposition of Harold L. Warner filed.	103
7-22-74	Notice to take deposition of Murray Gamberg filed.	104
7-22-74	Transcript of deposition of Harold Neal Culver filed. (p/c to attys).	105

DATE	FILINGS-PROCEEDINGS	
7-22-74	Notice of motion for an order to add Johnson & Johnson as party pltff or to dismiss complaint filed. (ret 8-1-74)	106
7-22-74	Deft's conditional request for denial of pltff's motions pursuant to rules 12, 13 and 42 filed.	107
7-22-74	Deft's reply memorandum in support of motion to amend counterclaim as regards only Ceramco filed.	108
7-24-74	Notice of Motion, ret. Aug. 1, 1974 filed re: for an order that pltff shall respond to deft Lee's Interrogatory	109
7-24-74	Deft's Interrogatory 56 to pltff Ceramco, Inc. filed. n ret. Aug. 1, 1974 re: for order purs. to Rule 37	110
7-24-74	Notice of Motion, of Lee Pharmaceuticals under Rules 37(a) filed.	111
7-24-74	Memorandum in Support of Motion of Lee Pharmaceuticals under Rules 37(a) filed.	112
7-24-74	Supplemental Memo of Lee Pharmaceuticals in Support of Rule 37 Motion relative to Lee's Two Document requests filed.	113
7-24-74	Further Statement of Lee Pharmaceuticals in Support of Motion under Rule 37 filed.	114
7-24-74	Letter dated July 23, 1974 filed from M. Sears to Clerk Lewis Orgel	115
7-26-74	Notice of Motion, ret. 8-1-74 filed re: preclusionary sanctions requested (with Memo of Law in Support of Motion)	116
7-29-74	Notice of appeal dtd 7-26-74 filed. (Copy of notice mailed to C of A)	117
7-30-74	Reply affidavit of David F. Robbins filed.	118

DATE	FILINGS-PROCEEDINGS	
7-31-74	Memorandum of Deft Lee Pharmaceuticals in Opposition to Pltff's motion to strike allegations of the proposed amended counterclaim and to sever and stay other portions thereof filed.	119
7-31-74	Affidavit of Martin J. Spellman, Jr. filed.	120
7-31-74	Affidavit of Mary Helen Sears filed.	121
8- 9-74	Reply affidavit of David F. Dobbins filed	123
	deft's motion for compliance to produce et al etc. filed.	122
8- 9-74	Reply affidavit of David F. Dobbins filed	123
8-12-74	Objection by Lee Pharmaceuticals and second supplemental memorandum filed	124/125
8-13-74	Stenographer's transcript dtd 8-1-74 filed.	126
8-19-74	Two reply memorandums in support of deft. Lee Pharmaceuticals motions etc. filed	127/128
8-22-74	Affidavit of David F. Dobbins filed.	129
8-26-74	Deft's comment re: August 21 affidavit of David Dobbins pertaining to contempt and rule 37 issues filed.	130
9- 3-74	Letter from Mary Helen Sears dtd 9-1-74 filed.	131
9- 5-74	Notice of motion and memorandum of law for an order to strike affidavits of pltff's counsel filed. (date to be set).	132/133
9- 5-74	Affidavit of David F. Dobbins filed.	134
9- 6-74	Interrogatories of pltff filed.	135
9-19-74	Certified copy of Order recd and filed from the C. of A. dismissing the appeal	136

DATE	FILINGS-PROCEEDINGS	
9-30-74	Notice to take deposition of Charles Bull & Charles Elbreder on 10-24-74 in St. Louis, Missouri filed.	137
10- 7-74	Memorandum in Support of Motion of Lee Pharmaceuticals for Extension of time in which to answer or object to Ceramco's interrogatories 1 thru 6 filed.	138
10-10-74	Pltff's affidavit with respect to motion of deft for an extension of time to answer interrogatories filed.	139
10-15-74	Memorandum of deft in re: motion for extension of time to respond to pltff's interrogatories, etc. filed.	140
10-15-74	Deposition of Harold N. Culver (dtd 7-17-74) filed (p/c mailed)	141
10-30-74	Notice of Motion of Lee Pharmaceuticals seeking stay of proceedings herein pending argument of No. 74-1757 in the court of appeals for the second circuit, ret. Nov. 18, 1974 filed.	142
10-30-74	Memorandum in Support of Motion filed.	143
10-31-74	Before COSTANTINO, J.—Case called. Pre-trial conference held and continued to 2-12-75 at 10 A.M.	
11-11-74	Memorandum in suport of pltff's motion to strike allegations of proposed amended counterclaim, etc filed. (originally filed 7-24-74 incorrectly in case 74 C 569)	144
11-11-74	Letter of Mary Helen Sears to Mr Dobbins dtd 11-4-74 re: interrogatories, etc filed (originally filed 11-7-74 incorrectly in case 74 C 569)	145

DATE	FILINGS-PROCEEDINGS	
11-11-74	Answers of deft Lee Pharmaceuticals to plttff's interrogatories 1-6 filed (originally filed 11-8-74 incorrectly in case 74 C 569)	146
11-15-74	Deposition of H. Gordon Pelton dated 7-2-74 filed.	147
11-15-74	Deposition of H. Gordon Pelton dated 7-3-74 filed.	148
11-15-74	Deposition of John H. Leatherman dated 7-9-74 filed.	149
11-15-74	Deposition of David R. Newstadt dated 7-9-74 filed.	150
11-15-74	Deposition of H. Gordon Pelton dated 7-10-74 filed.	151
11-15-74	Deposition of James R. Sleining dated 7-12-74 filed.	152
11-15-74	Deposition of Roderick Mackenzie dated 7-11-74 filed.	153
11-15-74	Deposition of Warren Herstman dated 7-16-74 filed.	154
11-15-74	Deposition of Taylor Woodward dated 7-19-74 filed.	155
11-15-74	Deposition of Murray Gamberg dated 7-29-74 filed. (p/c mailed)	156
1-13-75	Letter dated 1-10-75 filed from M. Spellman, Jr. to Mr. Dobbins	157
3- 3-75	Copy of letter dtd 2-27-75 to Martin J. Spellman Jr from Mary Helen Sears filed.	158
3- 5-75	Before COSTANTINO, J.—Case called, conference held & cont'd to 3-24-75.	
3-24-75	Before COSTANTINO, J.—Case called & adj'd to 4-13-75.	

DATE	FILINGS-PROCEEDINGS	
4- 7-75	Certified copy of judgment from C of A with opinion attached affirming opinion of the District Court. It is further ordered that the motion to dismiss the appeal and the motion to stay further proceedings are denied.	159
4-11-75	Notice of motion ret 4-14-75 for an order pursuant to Rule 15(a) filed.	160
4-14-75	Deft's memorandum of law in support of its motion file.	161
4-14-75	Before COSTANTINO, J.—Case called & adj'd to 4-22-75 at 10 A.M.	
4-22-75	Before COSTANTINO, J.—Case called—Pretrial conference adj to 4-24-75 at 10:00 A.M.—Motion to amend counterclaim by deft adjd to 4-24-75 at 10:00 A.M.	
4-24-75	Before COSTANTINO, J.—Case called & adj'd to 5-2-75.	
5- 7-75	Memorandum by Judge Costantino dtd 5-1-75 re summary of motions filed.	162
5-14-75	Stenographer's transcript dtd 5-1-75 filed.	163
5-29-75	Stenographer's transcript of 3-5-75 filed.	164
6- 6-75	Before MISHLER, CH J.—Case called for hearing on motion to amend pleadings. Motion submitted. Decision reserved.	
6-19-75	Deposition of Henry L. Lee filed (p/c mailed)	165
10- 1-75	Copy of letter dtd 9-30-75 from Cj. Mishler to David F. Dobbins and Anthony J. DeMarco Jr. filed. (mg)	166

DATE

FILINGS-PROCEEDINGS

10- 7-75 Before MISHLER, CH. J.—Case called. Conference held. Deft's motion to have the Court reconsider its ruling denying Lee the opportunity to depose attys for plttf filed on 7-5-74 is referred to Judge Costantino. Plttf's motion for a protective order filed on 7-9-74 argued & denied. Plttf's motion for an order pursuant to Rules 12, 13 & 43 filed on 7-15-75 argued. Motion granted in part & denied in part as indicated on the record. Further motions to be argued on 10-8-75 at 2 PM.

10- 8-75 Memo from Chief Judge Mishler filed referring def't's motion filed on 7-5-74 to Judge Costantino (motion to depose attys for plttf)

167

10- 8-75 Before MISHLER, CH. J.—Case called. Conference cont'd/Deft's motion pursuant to Rule 37 argued. Motion denied subject to statement by plttf. Deft's motion to compel further answers to interrogatories 1 to 14 filed on 6-25-74 argued and denied as indicated on the record. Deft's motion to compel answers to interrogatories 15 to 55 filed on 6-25-74 argued and denied as indicated on the record. Deft's motion for sanctions pursuant Rule 37(a) filed 7-26-75 argued and denied as indicated on the record. Deft's motion for sanctions etc filed on 9-13-74 argued and denied as indicated on the record. Deft's motion pursuant to Rules 37 and 45 filed on 7-24-74 argued and denied as indicated on the record. Deft's motion to strike certain affidavits filed on 9-4-74 argued and denied as indicated on the record. Plttf's mo-

DATE	FILINGS-PROCEEDINGS	
	tion pursuant to Rule 26 filed on 7-9-74 argued and granted as indicated on the record. Deft's motion pursuant to Rules 13 & 21 also Rule 15 etc filed on 7-5-74 argued. Decision was reserved. Deft's motion to add Johnson & Johnson as a party plt f or to dismiss the complaint filed on 7-22-74 argued. Decision reserved. Conference concluded. (mg)	
10-14-75	Answers of Pltff Ceramco Inc. to Deft's Interrogatories filed.	168
10-16-75	By COSTANTINO, J.—Order dtd 10-15-75 filed that deft is directed to provide the court with a memorandum of law explaining why atty-client & work-product privileges do not preclude taking the depositions of Towell & Ryan. Copies Mailed	169
10-21-75	By MISCHLER, CH. J.—Memorandum of Decision & Order dtd 10-20-75 that deft's motion to reargue the determinations previously made etc is denied filed. (mg)	170
10-21-75	By MISHLER, CH J.—Memorandum of Decision and Order dtd 10-20-75 granting pltff's motion to strike deft's jury demand. Deft's motion to join Johnson & Johnson, Inc is granted, and the caption is amended filed. (mg)	171
10-21-75	Notice of Deposition filed.	172
10-22-75	Notice to take deposition of Cerameco filed. (mg)	173
10-24-75	Stenographer's transcript dtd 10-7-75 and 10-8-75 filed. (mg)	174/175
10-28-75	Letter of Anthony J. Demarco, Jr. to Judge Mishler dtd 10-22-75 filed re: settlement conference, etc.	176

DATE	FILINGS-PROCEEDINGS	
10-28-75	Copy of letter of Judge Mishler to Mr. De-Marco dtd 10-24-75 filed re: settlement discussions.	177
10-28-75	Letter of Anthony J. De Marco, Jr. to Judge Mishler dtd 10-24-75 filed re: transcript of hearing of 10-8-75.	178
10-28-75	Copy of letter of Judge Mishler to Mr. De-Marco dtd 10-24-75 filed re: motion to reargue.	179
10-28-75	Notice of motion and memorandum of law to transfer above case to the U.S. District Court for the Central Dist. of California, ret 11-7-75 at 11:30 A.M. filed.	180/181
10-28-75	Notice of motion and memorandum of law for rehearing of plttf's motions under rule 37, ret 11-7-75 at 11:30 A.M. filed.	182/183
10-28-75	Notice of motion and memorandum of law for an order striking deft's jury demand filed (ret 11-7-75 at 10:00 A.M.).	184/185
10-28-75	Deft's memorandum re Towell & Ryan Depositions filed.	186
10-28-75	Deft's interrogatories (57-68) to plttfs filed.	187
10-28-75	Deft's third request to produce filed.	188
10-28-75	Notice to take deposition of Johnson & Johnson filed.	189
11- 3-75	Amendment to deft's third-request for production filed.	190
11- 5-75	Affidavit in opposition to deft's motion to have court reconsider ruling granting protective orders filed.	191

DATE	FILINGS-PROCEEDINGS	
11- 5-75	Affidavit of David Dobbins in opposition to motion to transfer filed.	192
11- 7-75	By COSTANTINO, J.—Memorandum and Order dtd 11-6-75 granting motion to reconsider court's protective order, etc. filed. (p/c mailed to attys).	193
11- 7-75	Case called. Defts motion for rehearing of plttfs motions under Rule 37 argued. Motion vacating the striking of defts jury demand argued and denied. Defts motion to transfer this case to the USDC for the Central District of California denied.	
11-11-75	Notice to take deposition of Thomas W. Towell filed. (mg)	194
11-11-75	Notice to take deposition of Michael J. Ryan, Jr. filed. (mg)	195
11-26-75	Notice of motion and memorandum of law for summary judgment dismissing the complaint, ret 12-8-75 filed.	196/197
11-26-75	Deft's 9(g) statement filed.	198
12- 1-75	Amended notice of motion ret 12-5-75 filed. (mg)	199
12- 1-75	12- 1-75 Letter dtd 12-1-75 to J. Mishler from Anthony De Marco filed.	200
12- 2-75	Notice of motion of deft Lee Pharmaceuticals to stay proceedings ret 12-5-75 filed. (mg)	201
12- 2-75	Deft's memorandum in support of motion for stay attached to document #201. (mg)	—
12- 2-75	Letter dtd 12-2-75 requesting adjournment of trial date to Ch. J. Mishler from James W. Paul filed. (mg)	202

DATE	FILINGS-PROCEEDINGS	
12- 3-75	Reply of Johnson & Johnson, Inc. to Lee Pharmaceuticals amended counterclaim filed.	203
12- 3-75	Reply of Ceramco, Inc. to Lee Pharmaceuticals Amended Complaint filed.	204
12- 4-75	Answers & objections of Ceramco, Inc. & Johnson & Johnson to interrogatories filed. (mg)	205
12- 4-75	Pltff's statement pursuant to Rule 9(g) in opposition filed.	206
12- 4-75	Copy of ORDER from C of A that an answer to the petition shall be filed by the respondent on or before 12-5-75. Clerk SHALL SERVE A COPY of this order on the Judge named and other parties.	207
12- 5-75	Before MISHLER, CH. J.—Case called. Deft's motion for summary judgment to dismiss complaint & to stay the proceedings argued. Decision reserve on summary judgment motion & motion denied as to stay the proceedings.	
12- 8-75	Response to Pltff Ceramco Inc. to Lee Pharmaceuticals Third Request for Production of Documents filed.	208
12- 8-75	Memorandum in Opposition to Deft's Motion for Summary Judgment filed.	209
12- 8-75	Deft's reply memorandum in support of motion for summary judgment filed.	210
12- 9-75	Copy of supplemental petition pursuant to 28 USC 1651 & FRAP P. 21.	211
12- 9-75	Letter from David F. Dobbins dtd 12-9-75 filed.	212

DATE	FILINGS-PROCEEDINGS	
12- 9-75	Copy of letter from Chambers to David F. Dobbins dtd 12-9-75 filed.	213
12-10-75	Affidavit of James R. Laramie filed.	214
12-10-75	Copy of letter dtd 12-8-75 to Clerk USCA from Mary H. Sears filed.	215
12-10-75	Copy of motion for leave to file reply to respondents' answers and for associated relief filed. (mg)	216
12-10-75	Copy of judgment from C of A granting petitioner's motion for leave to file a reply to respondent's answers filed. (mg)	217
12-19-75	Letter dtd 12-18-75 to J. Mishler from Anthony J. DeMarco filed.	218
12-19-75	Before MISHLER, CH. J.—Motion for summary judgment submitted. Decision reserved. (mg)	
12-22-75	Supplemental Memorandum in Opposition to Deft's Motion for Summary Judgment filed.	219
12-24-75	Deft's reply to plttf's supplemental memorandum in opposition to deft's motion for summary judgment filed.	220
1- 7-76	By MISHLER, CH. J.—Memorandum of Decision and Order dated 1-6-76 filed that deft's motion for summary judgment is denied in all respects. P.C. mailed to the attys.	221
1-12-76	Memorandum in support of motion to reconsider filed. (mg)	222
1-12-76	Notice of deft's motion to reconsider ret 2-6-76 filed. (mg)	223

DATE	FILINGS-PROCEEDINGS	
2- 3-76	Notice of withdrawal of plttf motion ret. 1-6-76 filed.	224
2- 3-76	Notice of appeal by deft. filed from order denying deft. motion for summary judgment filed.	225
2- 6-76	Before MISHLER, CH. J.—Defts motion to reconsider the memorandum & order dtd 2-6-76 withdrawn.	
2- 9-76	Notice of deft. motion ret. 3-5-76 with memo of law re: to compel responsive answers to questions at depositions filed.	226/227
2- 9-76	Notice of defts. motion ret. 3-5-76 with memo of law filed.	228/229
2- 9-76	Notice of defts. motion ret. 3-5-76 with memo of law to compel production of documents filed.	230/231
2-19-76	Plttf. memo in opposition to deft, motion to compel production documents etc., filed.	232
2-19-76	Plttf. memo in opposition to deft. motion to compel discovery at deposition filed.	233
2-19-76	Plttf. memo, in opposition to deft. motion to compel answers to filed.	234

**NOTICE OF MOTION OF LEE PHARMACEUTICALS FOR
SUMMARY JUDGMENT UNDER RULE 56
DISMISSING THE COMPLAINT**

Please take notice that on Monday December 8, 1975 or as soon thereafter as the parties can be heard the defendant will move at the U.S. Courthouse for the Eastern District of New York, 225 Cadman Plaza, Brooklyn, New York for an order dismissing the complaint herein under the provisions of Rule 56, F.R.C.P., with prejudice and with an award of costs and attorneys' fees to defendant.

The motion will be based upon defendant's Statement of Material Facts pursuant to local Rule 9(g) and Memorandum of Law both of which are attached.

**DEFENDANT'S STATEMENT OF MATERIAL FACTS
PURSUANT TO LOCAL RULE 9(g)**

1. Exhibit A is a true copy of the verified complaint by which this action was instituted on or about April 12, 1974.

1.1 The verification of the Complaint (Exhibit A) appears as the last page thereof and it states

"H. GORDEN [sic] PELTON, being duly sworn, deposes and says:

"I am President and Chief Executive Officer of Ceramco, Inc. the plaintiff herein. I have read the foregoing verified complaint and know the contents thereof to be true except for matters stated on information and belief and as to those matters I believe it to be true. The reason why this verification is made by deponent and not by the plaintiff herein is because the plaintiff is a corporation and I am an officer thereof.

/s/ H. Gordon [sic] Pelton"¹

1.1.2. The complaint was allegedly verified before Thomas W. Towell, notary public, who as of April 11, 1974 was also one of counsel for plaintiff.

2. Exhibit B is a true copy of an "Affidavit in Support of Order to Show Cause" filed concurrently with the complaint and verified on April 11, 1974 by the same H. Gordon Pelton who verified the complaint.

2.1 H. Gordon Pelton allegedly swore to the aforesaid "Affidavit" before Thomas W. Towell, notary public, who as of April 11, 1974 was also one of counsel for the plaintiff.

¹ 1.1.1 H. Gordon Pelton testified at page 144 of his deposition in this cause taken on July 2, 1974 that his signature appears on the verification in his own handwriting and at that point in the deposition acknowledged that his surname should be spelled G-o-r-d-o-n.

3. The verified complaint, Exhibit A and the Pelton affidavit, Exhibit B, were prepared by plaintiff's counsel, Mr. Towell, the notary public before whom Mr. Pelton signed both Exhibit A and Exhibit B.

3.1 The following appears at page 115-116 of the deposition of H. Gordon Pelton taken July 2, 1974.

"Mr. Dobbins [plaintiff's counsel]:

"MR. DOBBINS: I instructed Mr. Towell to confer with Mr. Ryan and with Mr. Pelton, and that Mr. Towell, in fact, drafted the complaint and Mr. Pelton's affidavit, based upon his investigation of the facts, and that—I have to check my diaries, but I'm fairly certain that I looked over the complaint and the affidavit prior to its being submitted to Mr. Pelton." (Pelton Dep., p. 115, l. 20-p. 116, l. 3).

4. The following paragraph 12 appears in the complaint as verified by H. Gordon Pelton:

"12. Defendant's use of plaintiff's trademark *GENIE* has caused and is likely to cause confusion and mislead purchasers in the dental trade, and create the erroneous impression that defendant's product is either manufactured or sponsored by plaintiff, or is distributed and sold with the consent or authority of plaintiff, or that the parties are otherwise associated, affiliated or related. Defendant's unlawful acts will damage the reputation and goodwill of the plaintiff." (Emphasis added).

4.1 The following averment contained in paragraph 12 of the verified complaint is false and was known by H. Gordon Pelton to be false when he swore in this April 11, 1974 verification of the complaint "I . . . know" such averment "to be true":

"Defendant's use of plaintiff's trademark *GENIE* has caused . . . confusion . . . in the dental trade"

4.2 Specifically, in his deposition given in this cause on July 2, 1974 H. Gordon Pelton who verified the complaint testified:

"Q Have you ever received any reports of any kind from any customer concerning the fact that Lee Pharmaceuticals was marketing a Genie product?

A Not personally, no.

Q You say 'not personally.'

Do you have knowledge of any reports of that nature from any customer of Ceramco's?

A No, I don't.

Q At this point I'm asking you not only whether you have direct personal knowledge but whether you have derivative knowledge from somebody else.

A Not that I know of, no.

Q *Have you ever heard any report, either personally or through some kind of hearsay, that any customer of yours had confused Gold Genie or Ceramic Metal Genie with Lee's Genie product?*

A No." (Pelton Dep., p. 101, l. 18-p. 102, l. 10)

4.3 Mr. Pelton's Affidavit, Exhibit B hereof, further states:

"It is also clear that dentists, dental technicians and dental supply houses will all come under the erroneous impression that Lee's product sold under the fanciful and non-descriptive trademark GENIE emanates from or is connected with the same source that sells Corrective Compositions under the same fanciful mark."

Defendant's interrogatory 47 quotes verbatim this affidavit statement and then inquires.

"With respect to the quoted statement"

* * * *

"(f) Identify each dentist, dental technician or dental supply house who has to the present date expressed to any Ceramco representative a belief or

impression that Lee's orthodontic bracket adhesive emanates from the same source as Ceramco's noble metal containing compositions for patching and repairing gold crowns and bridges, and include in the answer an identification of each communication in which such a statement was made. Where the communication was oral, plaintiff is requested to give the names of the individu[a]ls who were party to the communication, the date of the communication, the place, a statement as to whether it was made personally or by telephone, and the substance of what was said. If the communication was written, plaintiff is requested to identify each pertinent writing fully."

Plaintiff's answer verified July 8, 1974 is:

"(f) At this date, none."

5. The following paragraph 15 appears in the complaint as verified by H. Gorden [sic] Pelton:

"15. By reason of the foregoing acts, *defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business* also deprives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a). (Emphasis added).

5.1 At least the underlined averments contained in Paragraph 15 of the verified complaint are now false

and were false when the verified complaint in this action was filed on April 12, 1974.

5.1.1 As to at least the underlined averments contained in paragraph 15 of the complaint, H. Gordon Pelton had no knowledge of any facts supporting said averments and therefore knowingly swore falsely in his April 11, 1974 verification of the complaint that "I . . . know . . ." such averments "to be true".

5.2 Specifically, in his deposition taken in July 3, 1974 in this cause H. Gordon Pelton testified

"Q Did you ever acquire any information of any kind from any source prior to the filing of the complaint in this action to the effect that Lee Pharmaceuticals had ever heard of the products Gold Genie, Ceramic Metal Genie or Fiber Metal Genie or CM Genie before receiving Mr. Ryan's letter, which is Exhibit 205?

"A No." (Pelton Dep., p. 206, ll. 17-23).

5.2.1 The "letter, which is Exhibit 205" mentioned in fact 5.2 is dated January 16, 1974.

5.3 Specifically, in his deposition taken on July 3, 1974 in this cause H. Gordon Pelton testified:

"Q What information did you have at the time that you signed the affidavit² that Lee had misappropriated the trademark Genie?

"MR. DOBBINS: In connection with—finish the sentence so the record is completed. 'Misappropriated the trademark Genie in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets.'

"A I've already told you how I discovered it and where the information came from.

² 5.3.1 The affidavit referred to is Exhibit B hereof.

"Q Well, what I'm interested in, Mr. Pelton, is the word misappropriated. What information did you have as to Lee's intent in utilizing the name Genie on its orthodontic bracket adhesive?

"A You are, once again, getting into this bit about semantics and so on. I looked when I signed this affidavit at the term misappropriated as being a legal term that was being used in connection with this lawsuit *and so when you ask me what information did I have as to Lee's intent, the information is I had no information to his intent.* (Emphasis added). (Pelton Dep., p. 251, l. 19-253, l. 5)

5.3.2 Because, on April 11, 1974 when he verified the complaint, H. Gordon Pelton "had no information [as] to [Lee's] intent" his sworn statement of the same date in verification of the complaint that "I . . . know" it "to be true" that Lee acted with the "intent" alleged in the paragraph 15 of the complaint was false and known to be false by H. Gordon Pelton when he swore to it.

5.4 Exhibit C thereof is a true copy of an affidavit of Henry L. Lee, Jr., President of Lee Pharmaceuticals verified May 28, 1974 and marked (i) as Ceramco Exhibit 1057 on Dr. Lee's deposition taken by Ceramco in California June 19 and 20, 1974, and (ii) as Lee Exhibit 233 on the deposition of H. Gordon Pelton on July 10, 1974.

5.4.1 Paragraphs 1, 2, 3, 4 and 5 of the Lee affidavit state:

"3. The adoption of the mark 'GENIE' for the product in question was made innocently and in good faith as evidenced by the following facts:

(a) The mark was adopted by Lee Pharmaceuticals only after two separate investigations of the registered United States trademarks of record in the United States Patent Office were conducted at

my request by Lee Pharmaceuticals counsel, Irons, Sears & Santorelli, which investigations revealed no conflicting marks and, specifically, did not reveal any information concerning plaintiff, Ceramco, Inc., or its product or its alleged trademarks in issue in this litigation.

(b) At the time the decision was made to adopt the trademark 'GENIE' for the orthodontic bracket adhesive product of Lee Pharmaceuticals, I had no knowledge of the product or the alleged trademarks of plaintiff, Ceramco, Inc., involved in this litigation or of a similar product as alleged by plaintiff to have been previously sold by Culver Laboratories, Inc. and/or the Wilkinson Company; specifically, I had no knowledge of any use of the trademarks 'GOLD GENIE', 'CERAMIC METAL GENIE' or 'FIBER GENIE' or any other trademark including the word 'GENIE' alone or in combination with other words by the plaintiff, Ceramco, Inc., or by its alleged predecessors in interest at any time on any product.

4. Since the adoption of the 'GENIE' trademark for the orthodontic bracket adhesive product of Lee Pharmaceuticals, Lee has spent substantial time and money and effort in the merchandising of said product in association with said 'GENIE' trademark and will be seriously prejudiced and damaged if required to discontinue such practice.

5. I have read the affidavit of H. Gordon Pelton, President of Ceramco, Inc., filed in support of the application for Motion to Show Cause in this action, and I have read the complaint verified by Mr. Pelton. With respect to these verified representations, I state:

(a) In his affidavit, Mr. Pelton swears that defendant, Lee Pharmaceuticals:

'Has misappropriated the trademark 'GENIE' in connection with the sale, advertising, promo-

tion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets.' (p. 4)

The fact is that, as noted supra in paragraph 3, defendant Lee Pharmaceuticals innocently and in good faith, after two careful investigations by its counsel of existing trademark registrations in the United States Patent Office adopted the mark 'GENIE' for its orthodontic bracket adhesive product and did so in total ignorance of the plaintiff's involved product or of the allegedly similar product of its predecessors, Culver Laboratories, Inc. and the Wilkinson Company, or of plaintiff's or its predecessors alleged trademarks involved in this action. It follows that affiant Pelton's sworn statement that defendant has 'misappropriated'—i.e., wrongfully taken without permission—the trademark 'GENIE' is not correct. (Emphasis added)

(b) Paragraphs 11 and 15 of the complaint verified by affiant Pelton state:

'11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field.'

'15. By reason of the foregoing acts, defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an

unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also deprives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a). Contrary to these verifications by plaintiff's president, defendant's adoption and use of the trademark GENIE (i) was in total ignorance of plaintiff's use of any trademark including the word GENIE and, specifically, was not 'with full knowledge of plaintiff's use' of any such trademark, (ii) defendant's adoption and use of the trademark GENIE was without any knowledge of the alleged fact that plaintiff 'is identified in the field as the seller of a high quality dental product under the trademark GENIE', (iii) defendant's adoption and use of the trademark GENIE was not 'with the intent of misleading purchasers and with the purpose of appropriating to itself the [alleged] goodwill developed by plaintiff in the dental product field' and (iv) affiant has no knowledge that plaintiff 'is identified in the field as the seller of a high quality dental product under the trademark GENIE' and believes that plaintiff is not so identified at all."

5.4.2 Plaintiff Ceramco's counsel did not interrogate Dr. Lee at his deposition on any of these paragraphs although Dr. Lee was interrogated concerning a different portion of his affidavit.

5.4.3 Exhibit D is a copy of p. 157, l. 10 to p. 161, l. 11 of the Lee deposition taken by plaintiff's counsel,

which includes all of that counsel's interrogation concerning the affidavit.

5.4.3.1 Exhibit E, is a copy of the pertinent portion of the Pelton deposition, to wit, p. 412, l. 22 to p. 414, l. 20 and p. 417, l. 14 to p. 421, l. 22.

5.4.3.2 Plaintiff's counsel did not cross-examine H. Gordon Pelton as to the testimony contained in Exhibit E.

5.4.3.3 In view of his testimony as stated in fact 5.4.3—i.e. that he had no knowledge inconsistent with paragraph 3 and the underlined portion of Paragraph 5 of the Lee affidavit, Mr. H. Gordon Pelton swore falsely at least as to the underlined averments of Paragraph 15 of the complaint as reproduced in fact 5 in his April 11, 1974 verification of the complaint "I . . . know" such averments "to be true". See Fact 5.1.1.

5.5 In his deposition taken by defendant's counsel, H. Gordon Pelton was instructed by plaintiff's counsel Mr. Dobbins not to answer the following question:

"Q I now hand you the same [Lee] affidavit open to page 5 and I will ask you whether you have knowledge of any facts inconsistent with what is stated there."³

³ The text of page 5 of the Lee affidavit to which the question was addressed states

The following additional averments of affiant Pelton are also incorrect:

(i) the averment that defendant Lee Pharmaceuticals 'has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions and designations of origin to goods sold in interstate commerce, namely, the mark GENIE', (ii) that 'defendant . . . deliberately and knowingly . . . continues . . . to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States to produce confusion in the public mind and to misappropriate plaintiff's [alleged] trademark GENIE for its own use and benefit' and

"MR. DOBBINS: I am going to direct him not to answer that. That's all legal conclusions. I will point out that the record should be clear that Mr. Lee was put on notice of our claim of alleged infringement a couple of months before the suit, so it seems to me self-evident that he had knowledge of our claim of infringement prior to the bringing of the suit." (Pelton Dep., p. 421, II. 12-22)

6. Paragraph 11 of the complaint verified by H. Gordon Pelton states:

11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field."

6.1 In his April 11, 1974 sworn verification of the complaint H. Gordon Pelton states that he has "read" paragraph 11 of the complaint and that as to "matters stated on information and belief . . . I believe it to be true."

6.1.1 At the time the complaint was verified on April 11, 1974 H. Gordon Pelton had no basis for his sworn statement that he then believed paragraph 11 of the complaint "to be true":

6.2.2 In fact, as of April 11, 1974 H. Gordon Pelton has no knowledge of "intent" of the defendant as alleged in paragraph 11 or of any facts which would sup-

(iii) that defendant Lee Pharmaceuticals has been guilty of any 'intentional and unlawful diversion' of plaintiff's business or has in any 'intentional and unlawful' way deprived 'plaintiff of sales and profit which it would otherwise have made'."

port a belief that "defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE";

6.2.3 Specifically, H. Gordon Pelton testified in his deposition taken in this cause on July 3, 1974 "when you ask me what information did I have as to Lee's intent, the information is I had no information as to his intent" See Fact 5.3.

6.2.3.1 H. Gordon Pelton's verification of Paragraph 11 of the complaint was false and known by H. Gordon Pelton to be false at the time he swore to it.

6.2.3.2 The factual statements set forth in Paragraph 11 of the complaint are in fact false. See Facts 5.4.1 (especially Paragraph 5(b) of the Lee affidavit); 5.4.2; 5.4.3; 5.4.3.1 and 5.4.3.2.

7. The verified complaint contains several references to the alleged use of the word "GENIE" alone as a trademark by plaintiff's predecessors in interest, Culver and Wilkinson, see, *e.g.* paragraphs 7, 8, 9, 11, 12, 13 and 15.

"7. The corrective composition has been continually used and sold in interstate commerce under the trademark GENIE used *alone* or in combination . . . since 1968."

"9. Through continuous use and advertising of the trademark GENIE *alone* and in combinaion . . .".

7.1 At least paragraphs 12 and 13 expressly refer to "plaintiff's trademark GENIE."

7.2 In fact, *neither* plaintiff nor its predecessors, prior to the institution of this litigation on April 11, 1974 ever used the word "GENIE" *alone* as a trademark for any product.

7.2.1 Defendant's interrogatory 4(b) and Ceramco's answer thereto are as follows?

"4 . . .

(b) Has Ceramco at any time since April 1973 utilized the name 'genie' alone to identify any product sold by it?

ANSWER to INT. 4(b) 'No'. April 1973 is the date at which Ceramco allegedly acquired the 'gold genie' and 'Ceramic Metal genie' marks."

8. The verified complaint in paragraph 9 alleges that

"9. Through the continuous use and advertising of the trademark GENIE, alone or in combination, the mark has come to identify and is understood to identify, throughout the United States, plaintiff's product only and the word GENIE constitutes a trademark and marketing concept by which the goods of plaintiff are distinguished from other goods in the dental field. As a result, said trademark has acquired and now possesses an exceedingly good and valuable reputation and has become an exceedingly valuable and well-known symbol of plaintiff's goodwill."

8.1 The following appears in the July 10, 1974 transcript of the deposition of H. Gordon Pelton:

"Q Do you know of anyone outside Ceramco and also outside Culver Laboratories in [sic and] Wilkin-son Company who associated the name Genie alone with Ceramco prior to the first Ceramco sale of Gold Genie or Ceramic Metal Genie some time in about October 1973?

"THE WITNESS: Can you repeat that question, please.

(The question was read.)

"A I'm sorry. Would you explain that question to me?

"MR. DOBBINS: We will stipulate, to save time, no. I understand the question now. It's a tough

question to understand but no, the answer is no. We don't have any knowledge of that.

"MISS SEARS: You will stipulate Ceramco has no such knowledge?

"MR. DOBBINS: Right.

"MISS SEARS: All right, that saves a great deal of time. I will accept that stipulation. And I will simply ask you, to save time, Mr. Dobbins, will you make the same stipulation if I substitute the words Gold Genie, Ceramic Metal Genie or Fiber Metal Genie for Genie alone in what I asked him?

"MR. DOBBINS: The same stipulation.

"Q Can you name any individual anywhere outside Ceramco, Johnson & Johnson, Culver Laboratories and Wilkinson, who has expressed satisfaction with the product Gold Genie since it has been marketed by Ceramco?

"A No.

"Q Would your answer be the same with respect to Ceramic Metal Genie?

"A Yes.

8.2 Paragraph 10 of the verified complaint acknowledges that defendant's application to register Genie for an orthodontic bracket adhesive stated a date of May 23, 1973 as the date of first use by Lee, approximately five months before anyone outside Ceramco and its alleged predecessors Culver and Wilkinson associated or identified the word "Genie" with any goods of plaintiff.

8.3 The factual statements set forth in paragraph 9 of the verified complaint are misleading and fraudulent in that they fail to reveal that such trade identification between Ceramco and "the word Genie" as may exist necessarily occurred after defendant had commenced distributing its Genie orthodontic bracket adhesive. These factual statements were known by plaintiff and its counsel to be misleading and fraudulent as of April 12, 1974 when the complaint was filed.

9. The false statements which appear in the verified complaint, Exhibit A and the false verification of the complaint was suborned by plaintiff's counsel, who purportedly investigated the facts and prepared the verified complaint, Exhibit A and the Pelton affidavit, Exhibit B.

9.1. The plaintiff's counsel who suborned the false swearing include Thomas Towell, Michael J. Ryan and David W. Dobbins.

9.2 Plaintiff's counsel obstructed interrogation of H. Gordon Pelton which is relevant to the manner in which the false swearing was suborned.

9.3 Plaintiff's counsel Mr. David W. Dobbins instructed H. Gordon Pelton not to answer a question posed on his deposition taken July 2, 1974 with respect to how much time he spent reading the verified complaint and the accompanying affidavit before he executed such documents.

9.3.1 The following appears at page 402 at the deposition of H. Gordon Pelton taken July 10, 1975 in this cause:

"Q Mr. Pelton, you have given testimony by both an affidavit and another document constituting a verified complaint which you swore to just prior to the commencement of this litigation.

"Can you tell me at this time approximately how much time you spent reading those documents before you executed them.

"MR DOBBINS: *I am going to object and instruct him not to answer. You've been through the verified complaint and affidavit ad nauseum in the last two sessions. I'm not going to permit any further questioning on that.*

"Q For the record, Mr. Pelton, I assume that it's still the fact that you will follow any instruction that Mr. Dobbins gives in that regard?

"A He's my counsel.

"Q So the answer is yes, that you will follow—

"A Yes." (Pelton Dep., p. 402, l. 20-p. 403, l. 13)

9.3.2 Fact 5.5 reflects an additional instruction by plaintiff's counsel David W. Dobbins to H. Gordon Pelton not to answer interrogation relevant to the *bona fides* of the verified complaint.

9.3.3 The depositions of Thomas W. Towell, Jr. and Michael J. Ryan, Jr. were taken by defendant on November 24, 1975 and opportunity was afforded these lawyers for plaintiff to explain or justify the false and misleading averments of the verified complaint. The deposition transcripts, Exhibits F and G, respectively, reflect that these lawyer witnesses were instructed by plaintiff's counsel James W. Paul not to answer questions relating to the *bona fides* of the verified complaint.

EXHIBIT A**VERIFIED COMPLAINT**

Plaintiff, CERAMCO, INC., by its attorneys, Rogers & Wells, complaining of the defendant, respectfully alleges:

AS AND FOR A FIRST CLAIM FOR RELIEF

1. Plaintiff Ceramco, Inc. is a corporation duly organized and existing under the laws of the State of New York with its principal place of business in Long Island City, County of Queens, State of New York.

2. Upon information and belief, defendant Lee Pharmaceuticals is a corporation organized under the laws of California with its principal place of business in South El Monte, California, and is doing business in the State of New York.

3. This first claim for relief arises under the trademark laws of the United States, Title 15 U.S.C., and jurisdiction thereover is accordingly conferred upon this Court by 28 U.S.C. § 1338(a) and 15 U.S.C. § 1121.

4. For some years past, and at all times pertinent herein, plaintiff has been engaged in the sale of dental products used by dentists and dental laboratories in the construction and shading of dental porcelain bridgework. Over the years, Ceramco has acquired an outstanding reputation in the dental products field as the source of high quality products.

5. In April 1973, pursuant to a written contract, plaintiff acquired from Culver Laboratories, Inc. and the Wilkinson Company, all right, title and interest to a dental corrective composition product (hereinafter the "Corrective Composition") designed for use as corrective material for gold crowns, bridges and the like, including

all right, title and interest to the trademark GENIE used alone or in combination, including the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE, and all the goodwill associated with said trademark.

6. The Corrective Composition consists of a powdered material (mostly 24 carat gold) and a mixing liquid and a mixing bowl. The powdered material and liquid are mixed together to form a thick putty which is used to fill up holes in ceramic gold alloys and also to extend margins. The product is an integral part of plaintiff's line of dental products and is presently sold in three different colors, under the trademark GOLD GENIE, CERAMIC METAL GENIE (Yellow Color) and CERAMIC METAL GENIE (Platinum Color).

7. The Corrective Composition has been continually in use and sold in interstate commerce under the trademark GENIE (used alone or in combination as aforesaid) since 1968.

8. Plaintiff, and its predecessors in rights, Culver and Wilkinson, have devoted substantial time, money and effort to the development of the goodwill inherent in the GENIE trademark for dental products as well as the establishment and maintenance of extremely high standards of quality for the Corrective Composition manufactured and sold under said trademark. The Corrective Composition has been nationally advertised under the GENIE trademark for many years past and continues to be so advertised by plaintiff, all for the purpose of creating and retaining goodwill and buyer identification and association of the trademark GENIE with plaintiff and its product. As a result of these efforts, the mark GENIE has become familiarly and favorably known in the trade as indicating a dental product originating with plaintiff.

9. Through the continuous use and advertising of the trademark GENIE, alone or in combination, the mark

has come to identify and is understood to identify, throughout the United States, plaintiff's product only and the word GENIE constitutes a trademark and marketing concept by which the goods of plaintiff are distinguished from other goods in the dental field. As a result, said trademark has acquired and now possesses an exceedingly good and valuable reputation and has become an exceedingly valuable and well-known symbol of plaintiff's goodwill.

10. Defendant has recently commenced distributing and selling, in interstate commerce under the trademark GENIE an orthodontic adhesive designed for use with metal and plastic orthodontic brackets. In advertising literature defendant has affixed the statement: "The term GENIE is a trademark of Lee Pharmaceuticals." In addition, on or about November 15, 1973, defendant filed an application in the United States Patent Office for trademark registration of the mark GENIE. In said application, defendant stated that its first use of the GENIE mark was May 23, 1973.

11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field.

12. Defendant's use of plaintiff's trademark GENIE has caused and is likely to cause confusion and mislead purchasers in the dental trade, and create the erroneous impression that defendant's product is either manufactured or sponsored by plaintiff, or is distributed and sold with the consent or authority of plaintiff, or that

the parties are otherwise associated, affiliated or related. Defendant's unlawful acts will damage the reputation and goodwill of the plaintiff.

13. Defendant's aforesaid acts constitute infringement of plaintiff's trademark GENIE; constitutes unfair competition with plaintiff; and casts a cloud over plaintiff's right to the exclusive and continued use and enjoyment of said trademark, and tends to dilute the value thereof, all to plaintiff's damage. Unless enjoined, defendant's continued use of the trademark GENIE will cause irreparable damage and injury to plaintiff's business and goodwill for which plaintiff has no adequate remedy at law.

14. Plaintiff has heretofore given written notice to defendant of its objection to the use by defendant of the trademark GENIE, but defendant continues to use the trademark and will continue to use the trademark unless enjoined.

15. By reason of the foregoing acts, defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also deprives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a).

AS AND FOR A SECOND CLAIM FOR RELIEF

16. Plaintiff repeats and realleges the allegations set forth in paragraphs 1, 2 and 4 through 15 hereof with the same force and effect as if set forth herein at length.

17. The second claim for relief is one for unfair competition and trademark infringement as to which this Court has original jurisdiction under 28 U.S.C. § 1338(b) and in addition has jurisdiction under 28 U.S.C. § 1332 in that this is an action between citizens of different states and the amount in controversy exceeds the sum of \$10,000 exclusive of interest and costs.

18. By reason of the foregoing acts, defendant has infringed, and is continuing to infringe plaintiff's valuable rights in the trademark GENIE, and is unfairly competing with plaintiff, to plaintiff's irreparable damage, and defendant will continue said acts unless restrained by this Court.

AS AND FOR A THIRD CLAIM FOR RELIEF

19. Plaintiff repeats and realleges the allegations set forth in paragraphs 1, 2 and 4 through 15 and 17 hereof with the same force and effect as if set forth herein at length.

20. By reason of the foregoing acts, defendant has engaged in and continues to engage in deliberate and unlawful unfair competition, in contravention of the common law of the State of New York and in contravention of Section 368-d of the New York General Business Law.

WHEREFORE, plaintiff Ceramco, Inc. demands judgment against defendant Lee Pharmaceuticals, as follows:

(a) judgment against defendant temporarily and permanently restraining and enjoining it, its successors and assigns and all those acting in concert with it, from directly or indirectly competing unfairly with plaintiff by the use of the trademark GENIE, or any other mark, name or style containing the word GENIE, or any other word confusingly similar to plaintiff's trademark;

(b) judgment against defendant temporarily and permanently restraining and enjoining it, its successors and assigns and all those acting in concert with it, from directly or indirectly infringing plaintiff's trademark GENIE by the use of the trademark GENIE, or any other mark, name or style containing the word GENIE, or any other word or style confusingly similar to plaintiff's trademark, in connection with the manufacture, distribution, promotion and sale of dental products in interstate commerce;

(c) directing defendant to deliver to this honorable Court or to plaintiff for destruction all labels, boxes, instruction sheets, cartons and advertising materials containing the trademark GENIE;

(d) requiring defendant to account for and pay over to plaintiff all profits acquired from the sale of dental products sold under the GENIE trademark;

(e) awarding plaintiff such damages as may be determined upon the trial;

(f) allowing plaintiff costs and disbursements, including reasonable attorney's fees;

(g) granting such further relief as to the Court may seem just.

ROGERS & WELLS

By /s/ David F. Dobbins
A Member of the Firm
Attorneys for Plaintiff
CERAMCO, INC.
200 Park Avenue
New York, New York 10017

STATE OF NEW YORK)
 : ss.:
COUNTY OF QUEENS)

H. GORDEN PELTON, being duly sworn, deposes and says:

I am President and Chief Executive Officer of Ceramco, Inc. the plaintiff herein. I have read the foregoing verified complaint and know the contents thereof to be true except for matters stated on information and belief and as to those matters I believe it to be true. The reason why this verification is made by deponent and not by the plaintiff herein is because the plaintiff is a corporation and I am an officer thereof.

/s/ H. Gordon Pelton
H. GORDEN PELTON

Sworn to before me this 11th day of April 1974

/s/ Thomas W. Towell Jr.
Notary Public

THOMAS W. TOWELL JR.
Notary Public, State of New York
No. 31-4514549
Qualified in New York County
Term Expires March 30, 1975

EXHIBIT B

PLAINTIFF'S AFFIDAVIT IN SUPPORT
OF ORDER TO SHOW CAUSE

STATE OF NEW YORK)
 : ss.:
COUNTY OF QUEENS)

H. GORDON PELTON, being duly sworn, deposes and says:

I am President and Chief Executive Officer of plaintiff, Ceramco, Inc. ("Ceramco") and submit this affidavit in support of Ceramco's motion for a preliminary injunction restraining defendant Lee Pharmaceuticals ("Lee") from infringing plaintiff's trademark "GENIE."

Ceramco at all relevant times herein was and is in the business of developing, manufacturing and selling ceramic dental products, primarily materials used by dental laboratories in the construction and shading of porcelain dental bridgeworks. Such products are sold to dentists and dental laboratories, and are not sold to the general public. Ceramco has acquired an outstanding reputation in the dental product field among dentists and dental laboratories for its high quality products. Ceramco is a wholly-owned subsidiary of Johnson & Johnson, Inc.

In April 1973, pursuant to a written contract, Ceramco acquired from Culver Laboratories, Inc. and the Wilkinson Company (hereinafter "Culver-Wilkinson"), all right, title and interest in a dental metal composition product designed for use as a corrective and repair material for gold crowns, bridges and the like (hereinafter the "Corrective Composition"), including all right, title and interest to the trademark GENIE, used alone or in combination, including the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE. The different

GENIE names relate to the different colors and compositions available. The Corrective Composition consists of a powdered material (mostly 24 carat gold), a mixing liquid and a mixing bowl. The powdered material and the liquid are mixed together to form a thick putty which is used to fill up holds in ceramic gold alloys and can also be used to extend margins. The Corrective Composition is presently being sold by Ceramco in three different colors, under the names GOLD GENIE (to match very yellow-gold alloys), CERAMIC METAL GENIE—Yellow Color (to match yellow-white gold alloys) and CERAMIC METAL GENIE—Platinum Color (to match white gold alloys). Attached hereto as Exhibit A is a copy of the current instruction sheet for the Corrective Composition which describes in more detail its composition and use.

The Corrective Composition under the various forms of the GENIE trademark has been continuously sold in interstate commerce since 1968, first by Culver-Wilkinson and, starting in 1973, by Ceramco itself. As part of the acquisition in April 1973, Ceramco acquired all use rights to the GENIE trademark which had been developed by Culver-Wilkinson. Culver-Wilkinson expended a great deal of time, effort and expense, including national, regional and point-of-sale advertising and promotion in the dental product field to develop a market for the Corrective Composition under the GENIE trademark. All packaging, instruction sheets, promotion and advertising materials of Culver-Wilkinson carried the mark. As examples, attached hereto as Exhibit B is a copy of the instruction sheet for GOLD GENIE used in 1968, as Exhibit C an ad for CERAMIC METAL GENIE which appeared in 1970-71 National Association of Dental Laboratories Membership Directory. I am advised that sales by Culver-Wilkinson of the Corrective Composition under the GENIE mark were as follows:

1968	—	\$ 3,123.75
1969	—	6,167.65
1970	—	8,741.25
1971	—	14,845.33
1972	—	20,986.45
1973 (1st and 2nd quarter only)		23,724.08

Advertising expense in the same period of time was approximately \$8000.

Ceramco, since purchasing rights to the product and the goodwill associated with the trademark, has continued to develop a market for the product under the GENIE trademark. All packaging and instruction materials carry the mark prominently. It has promoted and advertised extensively in the dental product field to inform potential purchasers that Ceramco is now the source of the Corrective Composition sold under the GENIE trademark and that there are three products in the "Genieline." Attached hereto as Exhibit D is an example of an advertising flyer used by Ceramco for this purpose. Sales by Ceramco since the acquisition have totalled approximately \$21,000. Advertising and promotion expense (not including the expense of Ceramco's nationwide sales force) has been approximately \$2,500, which included an introductory promotion mailing directed to over 5,000 persons and organizations in the dental field all over the country.

In recent months Ceramco has discovered that the defendant Lee, a California corporation manufacturing and selling products in the dental field, has misappropriated the trademark GENIE in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets. Like Ceramco's product, Lee's product is sold solely in the dental product field, and is not sold to the general public. Attached

hereto as Exhibit E is a technical bulletin for Lee's product, dated September 30, 1973, which shows the product and describes its nature and use. The Court will note the following statement is made at the bottom of the last page of Exhibit E: "The term GENIE is a trademark of Lee Pharmaceuticals." I am informed that Lee filed a trademark application for the name GENIE in the Patent Office on or about November 19, 1973, and stated in that application that it first used the mark on May 23, 1973, long after the first use by Culver-Wilkinson.

An investigation conducted by Ceramco indicates that Lee's product is being distributed throughout the United States by various dental supply houses, including dental supply houses located in the State of New York. Upon information and belief GENIE dental bracket adhesive is sold in Manhattan by at least two organizations, Rower Dental Supply Co., 331 West 44th Street and Dental Equipment Specialists, Inc., 123 East 24th Street.

Although the two products technically have different uses, it is clear that Lee's use of the trademark GENIE for its dental product, a product that is, in fact, closely related to Ceramco's dental product, infringes upon Ceramco's rights and use of the GENIE trademark and will, if maintained, dilute the very substantial goodwill which Culver-Wilkinson first and then Ceramco built up in the GENIE trademark. It is also clear that dentists, dental technicians and dental supply houses will all come under the erroneous impression that Lee's product sold under the fanciful and non-descriptive trademark GENIE emanates from or is connected with the same source that sells Corrective Compositions under the same fanciful mark. Ceramco for years has been well-known in the dental product field as a highly reputable maker of dental products of the finest quality. Lee's attempt to register the GENIE trademark clearly represents an at-

tempt to interfere with Ceramco's exclusive right to use the mark in the dental product field.

Ceramco, through counsel, has demanded that Lee cease its use of the GENIE trademark, but, far from stopping, Lee continues to distribute its dental products under the trademark GENIE. If Lee is allowed to continue to use the GENIE trademark in the dental product field, Ceramco will suffer irreparable harm as a result of the dilution of the goodwill in the GENIE trademark purchased and built up by Ceramco, and by the confusion in the minds of the purchasers as to the source of each dental product.

The reason for proceeding by order to show cause rather than by notice of motion is the continued suffering by Ceramco of irreparable damage and the necessity for obtaining prompt relief. No application for the relief requested herein or similar relief has been made to this or any other court.

/s/ H. Gordon Pelton
H. GORDON PELTON

Sworn to before me this 11th day of April, 1974

/s/ Thomas W. Towell, Jr.
Notary Public

[Exhibits Not Printed]

* * * *

EXHIBIT C

AFFIDAVIT OF HENRY L. LEE, JR.

Henry L. Lee, Jr., being duly sworn, deposes and states:

1. I am the President of Lee Pharmaceuticals, 1444 Santa Anita Avenue, South El Monte, California, the defendant in this action.

2. I was responsible for the decision to adopt and use the trademark "GENIE" for the orthodontic bracket adhesive product of Lee Pharmaceuticals.

3. The adoption of the mark "GENIE" for the product in question was made innocently and in good faith as evidenced by the following facts:

(a) The mark was adopted by Lee Pharmaceuticals only after two separate investigations of the registered United States trademarks of record in the United States Patent Office were conducted at my request by Lee Pharmaceuticals counsel, Irons, Sears & Santorelli, which investigation revealed no conflicting marks and, specifically, did not reveal any information concerning plaintiff, Ceramco, Inc., or its product or its alleged trademarks in issue in this litigation.

(b) At the time the decision was made to adopt the trademark "GENIE" for the orthodontic bracket adhesive product of Lee Pharmaceuticals, I had no knowledge of the product or the alleged trademarks of plaintiff, Ceramco, Inc., involved in this litigation or of a similar product as alleged by plaintiff to have been previously sold by Culver Laboratories, Inc. and/or the Wilkinson Company; specifically, I had no knowledge of any use of the trademarks "GOLD GENIE", "CERAMIC METAL GENIE" or "FIBER GENIE" or any other trademark including the word

"GENIE" alone or in combination with other words by the plaintiff, Ceramco, Inc., or by its alleged predecessors in interest at any time on any product.

4. Since the adoption of the "GENIE" trademark for the orthodontic bracket adhesive product of Lee Pharmaceuticals, Lee has spent substantial time and money and effort in the merchandising of said product in association with said "GENIE" trademark and will be seriously prejudiced and damaged if required to discontinue such practice.

5. I have read the affidavit of H. Gordon Pelton, President of Ceramco, Inc., filed in support of the application for Motion to Show Cause in this action, and I have read the complaint verified by Mr. Pelton. With respect to these verified representations, I state:

(a) In his affidavit, Mr. Pelton swears that defendant, Lee Pharmaceuticals:

"Has misappropriated the trademark "GENIE" in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets." (p.4)

The fact is that, as noted *supra* in paragraph 3, defendant Lee Pharmaceuticals innocently and in good faith, after two careful investigations by its counsel of existing trademark registrations in the United States Patent Office adopted the mark "GENIE" for its orthodontic bracket adhesive product and did so in total ignorance of the plaintiff's involved product or of the allegedly similar product of its predecessors, Culver Laboratories, Inc. and the Wilkinson Company, or of plaintiff's or its predecessors alleged trademarks involved in this action. It follows that affiant Pelton's sworn statement that defendant has "misappropriated"—i.e., wrongfully taken

without permission—the trademark “GENIE” is not correct.

(b) Paragraphs 11 and 15 of the complaint verified by affiant Pelton state:

“11. Upon information and belief, defendant’s adoption and use of the trademark GENIE was with full knowledge of plaintiff’s use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defendant’s aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field.”

“15. By reason of the foregoing acts, defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff’s business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff’s trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also deprives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff’s reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a).”

Contrary to these verifications by plaintiff’s president, defendant’s adoption and use of the trademark GENIE (i) was in total ignorance of plaintiff’s use of any trademark including the word GENIE and, specifically, was not “with full knowledge of plaintiff’s use” of any such trademark, (ii) defendant’s adoption and use of the

trademark GENIE was without any knowledge of the alleged fact that plaintiff "is identified in the field as the seller of a high quality dental product under the trademark GENIE", (iii) defendant's adoption and use of the trademark GENIE was not "with the intent of misleading purchasers and with the purpose of appropriating to itself the [alleged] goodwill developed by plaintiff in the dental product field" and (iv) affiant has no knowledge that plaintiff "is identified in the field as the seller of a high quality dental product under the trademark GENIE" and believes that plaintiff is not so identified at all.

The following additional averments of affiant Pelton are also incorrect:

(i) the averment that defendant Lee Pharmaceuticals "has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions and designations of origin to goods sold in interstate commerce, namely, the mark GENIE", (ii) that "defendant . . . deliberately and knowingly . . . continues . . . to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's [alleged] trademark GENIE for its own use and benefit" and (iii) that defendant Lee Pharmaceuticals has been guilty of any "intentional and unlawful diversion" of plaintiff's business or has in any "intentional and unlawful" way deprived "plaintiff of

sales and profit which it would otherwise have made".

/s/ Henry L. Lee, Jr.
HENRY L. LEE, JR.

Subscribed and sworn to before me on this 28th day of May, 1974.

/s/ Lela M. Martin
LELA M. MARTIN
Notary Public

[SEAL]

EXHIBIT D

EXCERPT FROM DEPOSITION OF HENRY L. LEE, JR.,
TAKEN BY PLAINTIFF JUNE 19-20, 1974—
p. 157, l. 10 to p. 161, l. 21

* * * *

[p. 157] Q BY MR. PAUL: In any event, however, you do not have within easy access the invoices representing those particular shipments on those dates?

A No. Copies would have been returned to the files. Xerox copies that we sent to the trademark attorneys presumably would be in their files. It is our practice to support all of our applications to them with suitable background documents.

MISS SEARS: Mr. Paul, I would like to provide back in Washington whatever copies we have in the file representing the May 23rd date. I don't know what it is at the moment. I will provide you with it.

MR. PAUL: I would appreciate it if you would do that. Thank you.

(Discussion outside the record.)

Q BY MR. PAUL: Dr. Lee, I hand you herewith a photocopy of an affidavit which indicates it was subscribed and sworn to by you on the 28th day of May, 1974, and filed in this action [p. 158] pending in the United States District Court for the Eastern District of New York and ask you whether or not you recognize that document?

A Yes, sir.

Q Is that copy, as far as you can tell, an accurate reproduction of the affidavit which you signed on that date?

MISS SEARS: I advise you, Dr. Lee, to read it carefully to be sure before you answer the question.

(Recess.)

MR. PAUL: I am going to ask that the reporter mark this Ceramco Exhibit 1057 for identification.

(The document referred to was marked Plaintiff Ceramco's Exhibit No. 1057 for identification.)

Q BY MR. PAUL: Dr. Lee, during the course of your examination of the affidavit I believe you made some notations at the end of each of the paragraphs. I assume to indicate to you that so far as you know it is an accurate reproduction of the affidavit?

A I have initialed the paragraphs after I read them with the intention that they reflect my memory of the wording of the affidavit.

Q All right.

MISS SEARS: Off the record.

(Discussion outside the record.)

Q BY MR. PAUL: Dr. Lee, on Page 4 of Ceramco Exhibit 1057, it is your affidavit sworn to on May 28, 1974, is the statement: "... affiant has no knowledge that plaintiff 'is [p.159] identified in the field as the seller of a high quality dental product under the trademark Genie' and believes that plaintiff is not so identified at all."

And what I would like to ask you is what the basis is for your belief that plaintiff, that is Ceramco, is not identified as a seller of high quality dental products under the trademark Genie?

A The basis for my statement there is based on the information which has come to my attention from the research that we have done in the field in the past weeks concerning this product and based on my reading various records pertaining to this lawsuit and pertaining to the

composition and intended use of the Ceramco product, I question the ethics and the legitimate business usage of these materials. Apparently they are used to repair defects in gold castings and as a patient who is paying for first-class work I simply wouldn't want a defective casting sold to me at first-class prices. The idea of mixing powdered glass and powdered gold and trying to fuse to a gold alloy to me is abhorred and from what I know is metallurgically right with regard to a possible defective structure in that area.

Q Can you tell me what you meant when you indicated that you had done research in the field in past weeks which would help you to subscribe to the statement in the affidavit which I most recently read into the record?

A Yes. I sent our market research man, who is an experienced dental salesman with several years' experience with our company, out to visit dental laboratories and to [p. 160] phone dental laboratories and to ask if they ever heard of the product and ever used it and what they thought of it. And the quote that I got back that it was a pretty schlock deal, which is a derogatory term used by salesmen for a product which has very little merit and which is an imposition on the customer.

Q These are salesmen that you sent out to make that inquiry?

A This is a salesman who specializes in market research out of the home office.

Q What records in the lawsuit did you refer to before as those which you have examined which would help you to justify the statement in the affidavit which I read into the record?

A I believe it was the contract between Ceramco and the developers of this product, whereby they described in generalities what the product was. And then, of course, the bulletin that accompanied one of the kits that our

market researcher was able to procure in the field and bring in for us.

Q Do you have the benefit of anybody else's evaluation of the product in making up your mind that the Genie product manufactured and marketed by the plaintiff in this case is of little or no legitimate business usage, so far as you can tell?

A The primary base for the comment in my affidavit was reading the claims made for the product, having been an adhesive engineer for 25 years, having written five textbooks [p. 161] in this field, having sold adhesives for joining metal, having had experience with welding in aircraft structures and nuclear submarines, as a chemical engineer, the whole idea of the product for dental use, knowing the stresses and corrosive situation in the mouth makes the concept abhorred to me. And I am just wondering if top management of Johnson & Johnson are really aware of the quality of this product because it isn't the type of product I have been led to believe that that company likes to market.

MR. PAUL: I move to strike the last portion of that answer as non-responsive to the question.

* * * *

EXHIBIT E

EXCERPT FROM DEPOSITION OF H. GORDON PELTON
TAKEN BY DEFENDANT JULY 2-3 AND 10, 1974—

p. 412, l. 22 to p. 421, l. 22

* * * *

[p. 412, l. 22] Q I place before you an affidavit of Henry Lee sworn to on May 28, 1974, which has been made of the record in the Second Circuit Court of Appeals in connection with a motion and I ask you please to read paragraph [p. 413] 3 of that affidavit to yourself and tell me if you know any facts inconsistent with that paragraph.

MR. DOBBINS: Paragraph 3?

MISS SEARS: Yes.

A 3 (a).

Q The totality of paragraph 3 down through where 4 begins. I might note it is also a Ceramco Exhibit on the deposition of Dr. Lee. I don't have the number, however.

A What is the question?

Q Do you know any facts inconsistent with what is stated in that paragraph 3?

A No.

Q I ask you now, please, to read paragraph 4 and tell me if you know any facts inconsistent with what is stated there.

A I have no knowledge of paragraph 4 at all. I mean I don't know whether it's true or not true.

Q So you don't know any inconsistent facts?

A No.

Q I ask you now to read paragraph 5, which extends to the end of the affidavit to yourself and tell me if you know any facts inconsistent with any portion of that and if so, what facts?

MR. DOBBINS: As opposed to legal conclusions? I take it your question is deemed amended to that.

MISS SEARS: My question stands as it is.

MR. DOBBINS: All right, I instruct him not to answer that then. We contend that the word misappropriation is a legal conclusion. That's our contention, the trademark has been misappropriated and we hope that the Judge will uphold it.

There is a lot of other legal conclusions in there. If you have one specific fact that you want to ask him in connection with paragraph 5, I have no objection to that. We have been through this misappropriation stuff before in his prior deposition and the use of it in the complaint and the affidavit.

MISS SEARS: Please mark it as Exhibit 233.

(Affidavit of Henry Lee sworn to on May 28, 1974 marked Lee Pharmaceuticals Exhibit 233 for identification, as of this date.)

Q Can you name any specific dentists among whom Ceramco has an outstanding reputation for high quality products?

A Not offhand.

Q Can you name any specific dental laboratories [p. 415] among whom Ceramco has such a reputation?

A Not offhand.

Q Can you name any specific dental supply houses among whom Ceramco has such a reputation?

A Not offhand.

Q What do you mean by "offhand" in those three answers?

A I have to look at names and addresses and refresh my memory. I'm not a walking encyclopedia.

Q Do you have records in your company from which you would be able to answer those questions?

A Not with that specific information in it.

Q Are there presently any dental supply houses to whom any Ceramco products are being sold?

A I believe so.

Q Who?

A I don't know. You'll have to ask Mr. Sleininger.

Q Can you tell me what Ceramco products are presently being sold to dental supply houses?

A To be perfectly frank, I'm not sure, because we are in the process and have been in the process of changing over from dental supply houses with some of our products to direct sales.

I still think there are some of our products [p. 416] which are being sold to dealers even at the present time.

I'm not quite sure what they are. I know it's not porcelain and I know it's not Gold Genie but we do have products we do sell to supply houses.

Q Do you also know it's not Ceramic Metal Genie?

A It's none of the Genies.

Q Do you know a man names J. T. Woodward, III?

A Yes.

Q What is his relationship to Ceramco?

A He's an attorney, in the office of the general counsel for Johnson & Johnson.

Q Is he an officer of Ceramco to your knowledge?

A It's funny, he may be. I don't know. I don't believe he is unless he's a secretary or something like that.

Q What knowledge do you have of the amount of time that Mr. Culver or Culver Laboratories ever spent in promoting the name Gold Genie?

A No knowledge whatsoever.

Q What knowledge do you have of the time that Mr. Culver ever spent in promoting either Ceramic Metal Genie or Genie alone?

A No knowledge.

Q What knowledge do you have concerning money [p. 417] spent by Culver or Culver Laboratories in pro-

moting any of the names Gold Genie, Ceramic Metal Genie, Genie alone or Fiber Metal Genie?

A No knowledge.

Q Is the same true concerning any effort that Mr. Culver or Culver Laboratories might have spent in promoting those names?

A Yes.

Q Would your answers be any different as to time, money or effort spent by Wilkinson in promoting those names?

A No, my answers would not be different.

Q I place before you again Lee Pharmaceuticals Exhibit 233, open to the third page thereof and I ask you please to direct your attention to the text which appears in subparagraph (a) directly under the quotation which is a part of that subparagraph.

MR. DOBBINS: This is a quotation from his affidavit "Mr. Pelton swears."

MISS SEARS: Directly below the quotation. The text which appears there.

Q Would you please read the text below that quotation in that subparagraph to yourself and tell me if you know of any facts inconsistent with the facts which are [p. 418] stated there?

MR. DOBBINS: This is beginning with "The fact is . . .," that one sentence.

MISS SEARS: Continuing down to the end of the paragraph.

MR. DOBBINS: The two sentences then that comprise that paragraph?

MISS SEARS: Yes.

MR. DOBBINS: I'm going to instruct him not to answer that question because the second sentence is purely a legal argument. If you confine it to the first sentence, I have no objection. It does most certainly not follow. That's why we are here, all of us. You made it to both sentences.

MR. IRONS: Be sure you aren't withdrawing the question. Ask a new one.

MISS SEARS: Leave that question on the record. You have instructed him not to answer it.

MR. DOBBINS: That's right.

MISS SEARS: I will now ask another question.

Q And the other question is: Would you look now simply at the sentence which immediately follows the quotation in that subparagraph (a) and tell me if you know any [p. 419] facts inconsistent with the facts which are stated in that sentence?

MR. DOBBINS: Starting with "The fact is . . ."

A No.

Q I now ask you to look at page 4 of Exhibit 233 and again I ask you to start under the quotation at the text which appears there, which is all contained in one sentence and tell me whether you know of any facts inconsistent with the facts which are stated there.

MR. DOBBINS: Off the record.

(Discussion off the record.)

MR. DOBBINS: I have two objections.

One, I have no objection if you are asking about personal knowledge. I will note that paragraph 11 of the verified complaint, which is the subject of the sentence on page 4, states that it is upon information and belief and that paragraph 15 of the verified complaint is a legal conclusion and I have no objection to the question being propounded if (iii) is deleted which says "Defendant's adoption and use of the trademark GENIE was not 'with the intent of misleading purchasers and with the purpose of appropriating to itself the "alleged" good will developed by plaintiff in the dental product field.'" [p. 420]

Again, this is a conclusion of law and goes to the question of why we are here. That's our contention and as I say, we hope the Judge upholds it.

MISS SEARS: Is Mr. Pelton instructed not to answer the question?

MR. DOBBINS: In the form it was put.

As I say, I object to the form. I think it's unfair to propound it in that fashion.

Q Mr. Pelton, do you have any knowledge or information from any source that is inconsistent with the facts which are stated in so much of the sentence on page 4 to which I directed your attention in the previous question as extends up to the parenthesis followed by (iii).

MR. DOBBINS: You are stopping there at the iii's?

MISS SEARS: In this question, I am.

A I would like an explanation. This is a very confusing thing. You are asking me do I have any knowledge that what appears in this paragraph 1 and paragraph 2—

MR. DOBBINS: That's i and ii.

A —do I have any knowledge contrary to what appears here? One says, meaning Lee Pharmaceuticals or Henry Lee was in total ignorance of plaintiff's use in any trademark including the name Genie and specifically [p. 421] was not "with full knowledge of the plaintiff's use," of any such trademark.

The answer to that part of the question is, no, I do not have any knowledge.

The second thing, ii, "Defendant's adoption and use of the trademark Genie was without any knowledge of the alleged fact that plaintiff was identified in the field as the seller of a high quality dental product under the name Genie," no, I do not have any knowledge that he knew of our reputation in the field.

Q I now hand you the same affidavit open to page 5 and I will ask you whether you have knowledge of any facts inconsistent with what is stated there.

MR. DOBBINS: I am going to direct him not to answer that. That's all legal conclusions. I will point

out that the record should be clear that Mr. Lee was put on notice of our claim of alleged infringement a couple of months before the suit, so it seems to me self-evident that he had knowledge of our claim of infringement prior to the bringing of the suit.

* * * *

EXHIBIT F

Deposition of THOMAS W. TOWELL, JR., ESQ., taken by defendant pursuant to Order of Hon. Mark A. Constantino, Esq., at the offices of Rogers & Wells, Esqs., 200 Park Avenue, New York, N.Y. 10017, on November 24, 1975, at 9:30 a.m., before Anthony Mancuso, a Certified Shorthand Reporter and Notary Public of the State of New York.

[p. 2] APPEARANCES:

ROGERS & WELLS, ESQS.,
Attorneys for plaintiff and witness,
200 Park Avenue,
New York, N.Y. 10017
BY: JAMES W. PAUL, ESQ.,
Of Counsel

IRONS & SEARS, ESQS.,
Attorneys for defendant,
1801 K Street,
Washington, D.C.,
BY: EDWARD S. IRONS, ESQ.,
Of Counsel

ALSO PRESENT:

MICHAEL J. RYAN, JR.,
Office of General Counsel
Johnson & Johnson
501 George Street
New Brunswick, N.J. 08903

IT IS HEREBY STIPULATED AND AGREED, by and between the attorneys for the respective parties herein, that the within deposition may be signed and sworn to before any officer authorized to administer an oath, with the same force and effect as if signed and

sworn to before the officer before whom said deposition is taken.

IT IS FURTHER STIPULATED AND AGREED that all objections, except as to form, are reserved [p. 3] to the time of trial.

THOMAS W. TOWELL, JR., called as a witness by defendant, being first duly sworn by the Notary Public (Anthony Mancuso), testified as follows:

EXAMINATION BY MR. IRONS:

Q State your name, please.

A Thomas W. Towell, T-o-w-e-l-l, Jr.

Q Where do you live?

A 250 East 65th Street, New York City.

Q When did you graduate from law school?

A In June 1966.

Q What law school did you attend?

A Virginia.

Q Would you briefly summarize your employment from the time you graduated from law school up until the time you entered the employ of Rogers & Wells?

A I had no employment before Rogers & Wells. I would have been taking the Bar examination and studying for that.

Q When did you enter the employ of Rogers & Wells?

[p. 4] A Approximately September 1966, maybe October. Late 1966.

Q When did you leave the employ of Rogers & Wells?

A I left the employ of Rogers & Wells in June 1974. I had a two-year break also for military service from approximately March of April 1967 to March or April 1969.

Q By whom were you employed after you left Rogers & Wells?

A Halcon International, Inc.

Q Are you still employed by that company?

A Yes.

Q And in what position?

A Attorney.

Q At a certain point in time, were you consulted in connection with a controversy between Ceramco, Inc. and Lee Pharmaceuticals?

A Yes.

Q Can you tell us approximately when you were first so consulted?

A It would be sometime in the first part of 1974. Perhaps, February. I'm very vague on the exact month.

Q Who consulted you?

[p. 5] A I would have spoken to Mr. Dobbins of this office about the case.

Q In general, not in detail—I'm not asking for privileged matter—what did Mr. Dobbins ask you to do?

A He asked me to work on this case.

Q Did he ask you to make any investigations?

A Well, I think it would be more generally he asked me to prepare the papers, the complaint and a motion to bring on this case and I don't believe it would have been much more detailed than that at that time.

Q Did you, in fact, prepare certain papers to bring on the case?

A I did.

Q What papers did you prepare?

A I prepared the summons and complaint and an order to show cause for a preliminary injunction.

Q Did you prepare an affidavit in support of the show cause order?

MR. PAUL: Mr. Irons, can you tell me what the relevance of this is to the case that we have now?

MR. IRONS: If I get a yes or not answer to this question, then I will answer you. If you don't want it, instruct him.

[p. 6] MR. TOWELL: I think that's on the record, anyway. So we will permit him to answer.

A Yes.

MR. IRONS: Read me my question.

(The record was read.)

MR. IRONS: I believe, Mr. Paul, interrogation is relevant to at least certain of the affirmative defenses which had been advanced to counterclaim. I don't want to discuss this in detail with the witness. But I will discuss it specifically with you by showing you a copy of the pleadings to which I refer. If you will not show it to him—

MR. PAUL: You have pleaded a number of affirmative defenses. At least one of them attacks the bona fides of the commencement of this action and alleges, so far as plaintiff can tell, that this action was commenced in bad faith.

It is the position of Ceramco that any such claims are premature at this time and to the extent I receive any further questions to tend to support the affirmative defenses insofar as claims of lack of bona fides or the existence of [p. 7] bad faith, I will instruct the witness not to answer.

MR. IRONS: I want to be very clear on the record so that the record will clearly show two things:

First, I believe that the interrogation which I am about to make of Mr. Towell and later of Mr. Ryan is relevant to this action in many respects, including that respect. I decline to to [sic] discuss the relevance that I attribute to this in front of these witnesses for reasons which I think are obvious.

Specifically, addressing myself to your first point, I believe that this interrogation is directly relevant to

paragraphs 29A and B of the ninth affirmative defense which I place before you, so there will be no question about what I am talking about.

There has been no motion or otherwise attacking that affirmative defense and I intend to ask questions concerning it. I would also suggest—completing my statement on the record—that if the allegations of the ninth affirmative defense are proven, the complaint must be dismissed [p. 8] and that is the end of the case.

I would further suggest and advise you that if there is any obstruction of my intent to explore this testimony, it will be my position before the court and on the record in any appropriate proceeding that the expression [sic suppression] of the evidence is a confession, that if given it would be adverse to your case.

MR. PAUL: Mr. Irons, you are free to make that suggestion and without attempting to testify for anyone—I won't attempt to testify for anyone, by denying that that would be true.

My position, however, with respect to what questions I will permit this witness or any other witnesses to answer is unchanged and I deny the fact that this objection that we make has not been the subject of a motion that's already made.

Be that as it may, I still plan to take that position.

MR. IRONS: I may say, I'm not surprised. I think that your pleading is very embarrassing to plaintiff.

MR. PAUL: I think we can dispense with [p. 9] the gratuitous comments.

BY MR. IRONS:

Q I show you a copy, Mr. Towell, of the verified complaint in this action. Did you prepare it?

MR. PAUL: Objection. I direct the witness not to answer.

Q I show you a copy of the affidavit of H. Gordon Pelton which comprises the last page of the complaint.

It specifically follows page 7 and is, as I understand it, the formal verification of the complaint. Did you prepare that page?

MR. PAUL: I object to the question and direct the witness not to answer.

Q Does your name appear as notary on that page?

MR. PAUL: I object. The document speaks for itself.

Q Is that your signature on the page?

A That's a Xerox of my signature.

Q Did Mr. Pelton swear to that complaint before you?

A I don't recall the exact circumstances of that signing.

Q Are you able to testify on a factual basis that Mr. Pelton did, in fact, appear before you and swear [p. 10] to that complaint?

A I am not able to recall the exact circumstances of the signing or the preparation of that particular document.

Q Isn't it a fact, Mr. Towell, that Mr. Pelton did not appear before you and was not in your presence when he signed that complaint?

MR. PAUL: Objection; same direction to the witness.

Q As of April 11, 1974, had you ever met Henry Lee?

MR. PAUL: Objection; same direction.

Q As of April 11, 1974, had you ever met any representative of Lee Pharmaceuticals?

MR. PAUL: Objection, same direction.

Q As of April 11, 1974, do you have any information of any kind as to Lee's intent in connection with its adoption of the trademark "GENIE" for an orthodontic adhesive?

MR. PAUL: Same objection, same direction to the witness.

Q As of April 11, 1974, Mr. Towell, had you made any investigation yourself of any of the facts which are stated in the verified complaint?

[p. 11] MR. PAUL: I object and direct the witness not to answer that question. I might also add, however, that some of this information is already of record in this case.

BY MR. IRONS:

Q I would like the record to be clear, Mr. Towell, so I'm going to ask you this question, because I want everyone to know that this deposition is going to be relied upon. It is the fact that in view of the instructions of Mr. Paul, you will not answer questions that he instructs you not to answer?

A That's correct.

Q Does Mr. Paul appear as your counsel at the proceeding?

A Yes.

Q Are you paying him?

A I haven't discussed that matter with him or with Rogers & Wells.

Q When did you arrange for him to appear as your personal counsel?

MR. PAUL: I object to that question. It's been stated for the record. If there is any doubt about it and I don't see why there is, I suggest you take it up with the judge.

[p. 12] Q Mr. Towell, at page 115 of the deposition of Mr. Pelton taken in this cause, Mr. Dobbins made the following statement and before I read it I am going to show you this, because I think you should read it before the witness answers the question. By this I mean the pages of the deposition that I refer to.

"MR. DOBBINS: I instruct [sic] Mr. Towell to confer with Mr. Ryan and with Mr. Pelton, and that Mr. Towell, in fact, drafted the complaint and Mr. Pelton's

affidavit, based upon his investigation of the facts and that—I have to check my diaries, but I'm fairly certain that I looked over the complaint and the affidavit in behalf of Dave [sic] prior to its being submitted to Mr. Pelton."

It that statement of Mr. Dobbins correct insofar as it refers to you?

MR. PAUL: Mr. Dobbins was not under oath when he made that statement. It's in the transcript of that deposition and I think if we were under the impression it was incorrect, he would attempt to correct it.

I am objecting to having Mr. Towell answer that question on the grounds of its prematurity and irrelevance.

[p. 13] MR. IRONS: Are you instructing him not to answer?

MR. PAUL: I am instructing him not to answer.

MR. IRONS: I want to mark as the Exhibit 400 pages 15 and 16 of the affidavit of Mr. Pelton which includes the statement of Mr. Dobbins which I read into the record.

(Pages 15 and 16 of Mr. Pelton's affidavit with a statement of Mr. Dobbins marked as Defendant's Exhibit 400 for identification, as of this date.)

BY MR. IRONS:

Q Mr. Towell, did Mr. Dobbins instruct you to confer with Mr. Ryan and Mr. Pelton concerning the drafting of the complaint and Mr. Pelton's affidavit?

MR. PAUL: Same objection and same direction to the witness.

Q Did Mr. Dobbins instruct you to prepare the affidavit and I refer to the affidavit in support of order as to show cause and the verified complaint based on your investigation of the facts?

MR. PAUL: Same objection and same direction.

MR. IRONS: Read the question, I want [p.14] to be sure it's clear on the record.

(The record was read.)

MR. IRONS: Let's start over. Strike it and I will restate it. Also if Mr. Paul doesn't object. Strike the question, so I can restate the question and the instruction will follow.

MR. PAUL: I don't object to that.

Q Mr. Towell, did Mr. Dobbins, in fact, instruct you to confer with Mr. Ryan and Mr. Pelton?

MR. PAUL: Same objection and same direction to the witness.

Q Did Mr. Dobbins instruct you to draft the complaint and Mr. Pelton's affidavit, the "affidavit in support of order to show cause," based upon your investigation of the facts?

MR. PAUL: Same objection and same direction to the witness.

Q Did you, in fact, prepare the verified complaint based upon your investigation of the facts?

MR. PAUL: Same objection and same direction.

Q Did you, in fact, prepare the affidavit in support of the order to show cause based upon your investigation of the facts?

[p.15] MR. PAUL: Same objection and same direction to the witness.

Q I hand you a document which is a pleading in this action entitled "Affidavit in Support of Order to Show Cause" which comprises some six pages of typed text and various exhibits which I will ask to be marked Exhibit 401.

(Document entitled "Affidavit in Support of Order to Show Cause," with various exhibits marked Defendant's Exhibit 401 for identification, as of this date.)

BY MR. IRONS:

Q Have you ever seen that document before or a copy of it?

A Yes.

Q What is it?

A I believe it's the affidavit in support of the order to show cause, Mr. Pelton's affidavit.

Q Did you prepare it?

MR. PAUL: Objection, direction to the witness not to answer on the grounds of irrelevancy and prematurity.

Q Would you look at page 6. Does your signature appear on that page as notary?

[p. 16] A A Xerox of my signature appears on page 6.

Q Did Mr. Pelton swear to that affidavit before you?

MR. PAUL: I object on the grounds that that question has already been asked and answered.

MR. IRONS: That was with respect to the complaint that I asked a similar question.

MR. PAUL: Then the same objection that I gave before.

MR. IRONS: Would you clarify?

MR. PAUL: All right. Strike that, my last statement. I will permit him to answer.

A I do not recall the exact circumstances of the physical signing of this document.

Q Did you mail that document to Mr. Pelton to his office at Ceramco?

A I do not recall the exact circumstances of the signing of the document.

Q Do you recall any circumstances of the signing of the document?

MR. PAUL: He already testified that he can't recall the circumstances.

MR. IRONS: He said, "exact." If he is playing on the word "exact," I want to find out.

[p. 17] Q Do you remember anything at all about the signing of the document?

A No.

Q That is also true about the verification of the complaint, you remember nothing at all about the signing of it?

A The actual signing, that's correct; I do not recall the circumstances of the signing.

Q I refer to the signing of the verification, you understand?

A Right. The document you showed me before?

Q Yes.

MR. IRONS: For the record, the reason I made the point is the complaint is also signed on page seven by apparently Mr. Dobbins as counsel.

Q I show you a copy of a document which is part of Exhibit 41, Mr. Towell. Did you ever see it before?

A I don't recall whether I have seen that document.

Q Did you use that document in the preparation of Exhibit 401, which is the affidavit in support of the order to show cause?

MR. PAUL: The same objection and the same direction to the witness.

Q Did that document, to wit, Exhibit 401—

[p. 18] MR. IRONS: Strike the question.

Q Did you use the document which is Exhibit 41 as a source of information which is presented in tabular form with respect to sales during the years 1968 to 1973 on page 3 of the affidavit?

MR. PAUL: Same objection and same direction to the witness not to answer.

Q I show you a letter dated March 11, 1974 from Michael J. Ryan to Mr. Leeland Toets which is also a part of Exhibit 41. Did you ever see that document before?

A I don't recall.

Q Mr. Towell, I think in fairness that I should tell you and I'm doing this strictly in the sense of fairness and please don't misconstrue it as any kind of unthwarted [sic] comment. We are going to take the position and indeed have taken the position that the complaint, the verification of the complaint and certain aspects of the affidavit in support of the motion to show cause were false, were known to be false at the time that they were verified by Mr. Pelton and that the false swearing was suborn[ed] by counsel.

I am telling you that because I don't want it to come as any surprise when this issue is raised and [p. 19] you are being given the chance today, as far as I am concerned, the only chance, to explain yourself.

That is my statement made in the interest of fairness, not as a threat at all. And I tell you that because you are persisting in not answering questions.

I show you—

A If you are talking about just following directions of counsel as opposed to when I've said I do not recall a particular document, that is my answer.

Q I understand.

A I haven't recalled these documents.

Q I'm not talking about questions you have answered. I'm talking about ones you refused to answer.

A I'm sorry. I misunderstood you.

Q I show you a copy of Exhibit 205 which is a letter dated January 16, 1974 from Michael J. Ryan, Jr. to Henry Lee. Did you ever see that document before?

(Whereupon, a recess was taken.)

BY MR. IRONS:

Q And the question, please.

A Yes, I believe I've seen this document before.

Q When did you first see it?

A I don't recall exactly. It would have been when I started work on the case or soon thereafter.

[p. 20] Q Who brought it to your attention?

A I believe it was in a file that I had to look at in connection with the case.

Q I have a letter from Mary Helen Sears to Michael J. Ryan dated January 28, 1974 to be marked Exhibit 402.

(Letter dated January 28, 1974 from Mary Helen Sears to Michael J. Ryan marked Defendant's Exhibit 402 for identification, as of this date.)

BY MR. IRONS:

Q Could you look at Exhibit 402 and tell me if you have ever seen it before.

A I believe I have seen this letter before.

Q Was it in the same file as Exhibit 205?

A It would have been in the same set of papers, whether it was physically in the same one file or two files.

Q You saw it?

A I would have seen it, I think, at approximately the same time.

Q Did you make any use of either 402 or 205 in your work in preparing the Pelton affidavit or the verified complaint?

MR. PAUL: I object and claim the attorney-client privilege with respect to that [p. 21] answer and also so as not to be deemed to waive any other objections I might have on the same grounds as stated briefly with respect to a number of other questions directed to Mr. Towell.

Q Mr. Towell, would you tell me whether you saw the two exhibits which are before you, namely, 402 and 205 before you prepared the affidavit and the verified complaint?

MR. PAUL: Object and I direct the witness not to answer on the same grounds as previously stated.

Q As of April 11, 1974, Mr. Towell, did you have any information as to whether or not there had been any actual confusion in the trademark between Lee's GENIE product and any product made by Ceramco?

MR. PAUL: I object and direct the witness not to answer insofar as that question relates to paragraphs 29A and B of the answer and counterclaim.

MR. IRONS: I suggest it's relevant to the complaint as filed and to the issues raised by it and joined by the answer without regard to the affirmative defense.

MR. PAUL: Mr. Towell is not a party [p.22] to this action. You have taken the depositions of virtually everyone in any way connected with the plaintiff and have propounded that question to others and for that reason, in response to your statement, I will not permit him to answer that question.

MR. IRONS: Do I understand that to be a separate basis to the instruction, from the other bases that you voiced?

MR. PAUL: Two bases.

Q Did you have any information as of April 11, 1974 as to the intent of Lee Pharmaceuticals in its adoption of the trademark GENIE for an orthodontic bracket adhesive?

(The record was read.)

MR. PAUL: Objection on the grounds of prematurity, irrelevancy and I instruct the witness not to answer that question.

Q Did you have any information as of April 11, 1974 as to whether or not Culver had ever used the word GENIE alone as a trademark for any product?

MR. PAUL: Same objection and same instruction to the witness.

Q Mr. Towell, did you understand or have an [p.23] understanding of the entity that I referred to when I used the word Culver?

A I'm a little confused as I have two names in my mind. Culver and Wilkinson, I believe, they were companies from which the mark was acquired. But I have a little confusion in my mind, just because the passage of time.

Q I think it's fair to say that Culver and Wilkinson are separate companies and the pleading does indicate that the mark was obtained from those two companies?

A That's the sense that I took the question in.

Q On that basis, Mr. Towell, do you have any information as of April 11, 1974 that Wilkinson had ever used the word GENIE alone as a trademark for any product?

MR. PAUL: Same objection and same direction.

Q As of April 11, 1974, Mr. Towell, did you have any information that Ceramco had ever used the word GENIE alone as a trademark for any product?

MR. PAUL: Same objection and same direction.

Q As of April 11, 1974, Mr. Towell, what did—

MR. IRONS: Strike that.

Q As of April 11, 1974, Mr. Towell, did you know [p. 24] the date on which Ceramco had first used the word GENIE and [sic in] any combination with another word as a trademark for any product?

MR. PAUL: Same objection and same direction to the witness. I might also note for the record that that has been the subject of intensive questioning of other witnesses who have appeared in behalf of the plaintiff in this case.

MR. IRONS: My silence—to keep the record from being complicated—is not acquiescence.

Q I show you page 5 of Exhibit 401 which is the affidavit in support of order to show cause and in line 2 there is reference to an investigation. Do you see that reference, Mr. Towell?

A Yes.

Q Would you tell me what investigation is there referred to?

MR. PAUL: I object for the same reasons as previously stated and direct the witness not to answer.

Q Did you conduct any part of that investigation yourself?

MR. PAUL: Same objection and same direction to the witness.

[p. 25] Q I show you again page 5 of Exhibit 401 and I invite your attention to the last paragraph which begins on the third line from the bottom and which states:

"Ceramco, through counsel, has demanded that Lee cease its use of the 'GENIE' trademark, but, far from stopping, Lee continues to distribute its dental products under the trademark 'GENIE'."

I show that to you, sir. How was that demand made?

MR. PAUL: If you know.

A I do not recall all of the circumstances under which the demand was made. I believe it has reference to that one letter you showed me, among other things.

Q To wit, Exhibit 205?

A Right, 205.

Q Do you know of any other demands made by Ceramco that Lee stop using the word GENIE as of April 11, 1974?

A I can't recall.

Q So the answer is you do not presently know of any such other demands?

A My answer is I cannot recall at this stage whether I have seen as part of the files or whether there were other demands. I do remember that one letter which [p. 26] you showed me before, but I simply can't recall any others.

Q Prior to the filing of the complaint in this action on or about April 12, 1974, Mr. Towell, did you have any communication of any kind with Lee Pharmaceuticals?

A Yes, although that specific date that you mentioned doesn't jog my memory. But I do know before the complaint was filed I did have a conversation with Lee Pharmaceuticals.

Q Did someone ask you to do that or did you do that on your own initiative?

MR. PAUL: This subject matter that I believe you are going into, Mr. Irons, has been the subject of various motions and an appeal to the Second Circuit which has been adverse with the position you have taken with respect to it.

I object. The subject matter so far as this case is concerned, is irrelevant and I will object to any further questioning and direct the witness not to answer.

MR. IRONS: The appeal in the Second Circuit was on the ground of the alleged professional impropriety and had to do with the matter of the disqualification of counsel. The questions are relevant to the matters of jurisdiction and venue [sic venue] [p.27] which are preserved in the affirmative defenses.

This witness has not testified before on these points. If you question that they are not preserved in the affirmative defense, I will show them to you and service of process.

MR. PAUL: I still believe they are irrelevant.

MR. IRONS: You instruct him not to answer?

MR. PAUL: Yes, I do.

MR. IRONS: It is my intention to ask this witness a series of questions about his communications with me as to some of which he made certain affidavits. Would you instruct him not to answer those questions?

MR. PAUL: Off the record.

(Discussion off the record.)

MR. PAUL: Without attempting to paraphrase Mr. Irons, while we were off the record, he explained to me that this line of questioning will be used to help estab-

lish, so far as Lee is concerned, certain defenses it believes it has that go to jurisdiction and venue [sic venue] and service of process, because these matters have already been [p. 28] examined in open court by witnesses and decided by the district court by Judge Costantino about a year and a half ago.

I am going to instruct the witness at this time—I would instruct him not to answer those questions on that ground, whether or not if propounded there were other objections I might raise to them.

MR. IRONS: All right. I also suggest for the purposes of the record that I wish to conduct the examination in the context of the affidavits on the ground that it's relevant to the witness' credibility and the bona fides of those affidavits and the venue [sic venue] and jurisdiction rulings which you have mentioned and on that additional ground I suggest that I should be permitted to ask questions.

MR. PAUL: My position remains the same.

MR. IRONS: Namely that you would instruct him not to answer?

MR. PAUL: That's correct.

BY MR. IRONS:

Q Mr. Towell, I place before you the complaint [p. 29] verified in this action, opened to page 5, paragraph 15. What was the factual basis known to you on April 11, 1974 supporting that allegation?

MR. PAUL: I object to that question and direct the witness not to answer on the grounds of its prematurity and irrelevancy at this time.

MR. IRONS: If I ask an identical question with respect to each of the other paragraphs of the company, would your position be the same?

MR. PAUL: It would be the same insofar as I understand that those questions will go to support your

position with respect to paragraphs 29A and B or could go to support those paragraphs.

MR. IRONS: I want to be very clear on this record. They certainly could go to that. They are not asked solely for that reason. I think we are entitled to know the facts that were known at the time the complaint was filed, whether or not they go to 29A and B.

MR. PAUL: My position remains the same.

MR. IRONS: Okay. I don't mean I agree. I mean I understand.

MR. PAUL: I don't mean to say that when [p. 30] I object on the basis of 29A and B that I am waiving any objection I might have to any other affirmative defenses or parts of the counterclaim.

MR. IRONS: I am trying to avoid getting into the court and having the court say to me, "If you had some other ground besides 29A and B, why didn't you tell Mr. Paul." I am now telling you other grounds.

MR. PAUL: Right. I am just saying for the record that I may certainly have had objections to those grounds as well, since we have denied virtually everything or will deny virtually everything contained in the amended answer and counterclaim.

MR. IRONS: Yes, I understand.

BY MR. IRONS:

Q I show you, by way of—I hope—of a representative question, a paragraph in the middle of page 5 of the affidavit in support of order to show cause which is Defendant's Exhibit 401. This is the paragraph which starts out, "Although the two products technically have different uses," and ends up with the phrase, "The mark in the dental product field."

What was the factual basis known to you to support that paragraph on April 11, 1974?

[p. 31] MR. PAUL: I object on the same grounds as stated previously and direct the witness not to answer.

I also suggest on behalf of Rogers & Wells that that constitutes attorney's work product, as that question is presently stated.

MR. IRONS: My position with respect to the entire matter is the same as it was with respect to the paragraphs in the complaint and is it correct that your position is the same?

In addition, you have work product and privilege.

MR. PAUL: Right.

MR. IRONS: Would you take the same position with respect to any of the other averments in the affidavit?

MR. PAUL: So far as I'm concerned at this time, yes.

MR. IRONS: Mr. Paul, it is apparent to me at this point in the proceedings that answers will not be forthcoming to questions which I wish to ask and I, therefore, suspend this deposition at this time.

I will advise you of what action, if any, I wish to take in view of the state of the record.

[p. 31A] MR. PAUL: I have no questions on cross at this time.

(Time noted: 10:39 a.m.)

* * * *

EXHIBIT G

Deposition of MICHAEL J. RYAN, JR., ESQ., a witness, taken by defendant pursuant to Order, at the offices of Rogers & Wells, Esqs., 200 Park Avenue, New York, N.Y. 10017, on November 24, 1971 [sic 1975], at 10:40 a.m., before Anthony Mancuso, a Certified Shorthand Reporter and Notary Public of the State of New York.

[p. 2] **APPEARANCES:**

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BY: EDWARL S. IRONS, ESQ.,
Of Counsel

IT IS HEREBY STIPULATED AND AGREED, by and between the attorneys for the respective parties herein, that the within deposition may be signed and sworn to before any officer authorized to administer an oath, with the same force and effect as if signed and sworn to before the officer before whom said deposition is taken.

MICHAEL J. RYAN, JR., ESQ., called as a witness by defendant, being first duly sworn by the Notary Public (Anthony Mancuso), was examined and testified as follows:

[p. 3] EXAMINATION BY MR. IRONS:

Q State your name, please.

A Michael J. Ryan, Jr.

Q Where do you live?

A 152 Cranbury Road, Grovers Mill, New Jersey.

Q Would you summarize your college education, please.

A I am a 1964 graduate of Fordham College; 1967 graduate of the Cornell University School of Law.

Q What degree did you receive from Fordham?

A An AB degree.

Q By whom were you first employed after you graduated from law school?

A The law firm of Calwalader, Wickersham & Taft.

Q How long did you work for them?

A From July 1967 to August 1969.

Q What employment did you accept after August of 1969?

A From September 1969 to April 1973 [sic April 1973] I was employed by the office of general counsel of Kraftco Corporation.

Q And then?

A From May 1973 until the present, I have been a member of the office of general counsel of Johnson & Johnson.

[p. 4] Q You were present throughout the deposition of Mr. Towell which we have just suspended; is that right?

A I was.

Q You heard and understood the things that I said to him?

A I did.

Q I now say the same things to you:

Has your position, your responsibility, changed at Johnson & Johnson since you first went there in May 1973? And, if it has, I wish you would tell me the

vations changes in your responsibilities and what your job is now.

A I don't quite understand the question.

Q What was your first responsibility in the office of General counsel? What were your duties?

A My duties included the responsibility for the legal matters connected with the domestic operating company of Johnson & Johnson, and various affiliates of Johnson & Johnson in respect of trademarks, copyrights, and various matters related to unfair competition.

They also included a review, for approval purposes, of various advertising and promotional materials related to the sale of the products of the domestic operating company and various affiliates.

Those responsibilities are essentially the [p. 5] same today as they were in 1973.

Q I show you a copy of a document which has been marked Defendant's Exhibit 21, which is a contract dated April 19, 1973, and please confirm that inasmuch as you did not—as I understand it—enter the employ of Johnson & Johnson until May of 1973, that you had nothing to do with the negotiation of that contract.

A That's correct.

Q I am asking now only for a date.

When in point of time was the contract or the subject matter to which the contract which has been marked Exhibit 21 relates brought to your attention?

A To the best of my recollection, the late fall or early winter in 1973.

Q Who brought it to your attention?

A I don't have a specific recollection of who might have brought it to my attention.

Q Under what circumstances was it brought to your attention?

A In connection with a request to review certain facts having to do with the business of Ceramco.

Q Did these facts have anything to do with Lee Pharmaceuticals?

A Yes, they did.

[p.6] Q Did a representative or employee of Ceramco bring the matter to your attention?

A Yes, it is my recollection that a representative of an employee of Ceramco did bring it to my attention.

Q What is your recollection as to the identity of this person?

A I don't have any specific recollection as to the—as to an individual.

Q What is your recollection as to the mechanism by which it was brought to your attention?

A So far as I recollect, it was brought to my attention as part of my duties in connection with responsibilities for the trademark work of Ceramco.

Q I do not want to fence with you.

You said you did not have a recollection that the matter was brought to your attention by an individual, and this leaves me confused, and I would like some enlightenment on how, if it was brought to your attention, if it was not by an individual.

A It wasn't brought to me in the mail. It was brought to me in my office at Johnson & Johnson. I don't recollect who brought it to my attention, specifically.

Q Do you have a general recollection?

[p. 7] A Yes, I have a general recollection.

Q What is that?

A That I was asked to review the document and other facts related to Ceramco's dealings with the parties to the agreement, other than Ceramco, in connection with a possible question of trademark infringement by Lee Pharmaceuticals.

Q Were you at that time shown any Lee Pharmaceuticals advertising or products?

A No.

Q Did you—

A Not to my recollection, no.

Q At a later time, did you obtain specimens of Lee Pharmaceuticals advertising or products using the word "Genie"?

A Yes.

Q When did these items first come to your attention?

A In the winter of 1973-'74. I don't recollect whether it was in '73 or '74. But it was during the winter.

Q From what source did you obtain these specimens of Lee products or advertising?

A I don't recollect.

[p. 8] Q No recollection whatever?

A No.

Q Was Harold H. L. Warner an employee of Johnson & Johnson when you first went there?

A Yes.

Q In what capacity?

A As a member of the office of general counsel.

Q What was the professional relationship between you and Mr. Warner, if there was one, as of May 1973?

A Mr. Warner and I were colleagues in the same law department.

Q Was he your superior?

A No.

Q Did you report to him?

A No.

Q To whom did you report?

A The general counsel, Arthur S. Lane.

Q Whom did Mr. Warner report to?

A The—Harold Warner is an attorney in the Patent Department. His immediate superior would be Dr. Leonard Prusak. Dr. Prusak was then Mr. Warner's immediate superior, and, as with myself, his ultimate superior was and is the general counsel.

Q I show you a copy of Exhibit 205. Can you tell [p. 9] me what that is, Mr. Ryan.

A It is a Xerox copy of my letter of January 16, 1974 to Mr. Henry Lee, of Lee Pharmaceuticals.

Q Your signature appears on the second page of the letter?

A It is a copy of my signature, yes.

Q I show you a copy of Exhibit 402. Have you seen that document before?

A I have.

Q When did it first come to your attention?

A I recollect receiving the original of this document in early February of 1974.

Q Did you reply to Exhibit 402?

A I didn't.

Q Who made the decision not to reply?

MR. PAUL: Mr. Irons, I—the least I owe you is the courtesy of unscrambled questioning until I clearly perceive that we are getting into an area as to which I have to object.

Insofar as the last question does or could support the—at least Paragraphs 29A and B of the amended answer and counterclaims, I am going to have to object and direct the witness not to answer that.

[p. 10] I invite you to show me the relevance, if you wish to. I think we have been over this sufficiently in Mr. Towell's deposition for me not to have to burden the record with any further explanations.

MR. IRONS: Well, it is my position, which I stated in the deposition of Mr. Towell, that this interrogation, while it may be relevant to Paragraphs 29A and B and other aspects of the answer and counterclaim, is directly relevant, specifically, to the allegations of the complaint which keeps us away from getting into the answer and counterclaim.

I really do not think that it is productive for me to make the legal argument on the issue of relevance.

But Paragraph 14 of the complaint, for example, says that, in substance, the plaintiff has given written notice

to the defendant of its objection, but the defendant continues to use the trademark.

I think these questions are certainly within the scope of Rule 26 and relevant to that pleading.

MR. PAUL: Mr. Ryan has testified that he [p. 11] has sent a letter to Mr. Lee, which has been marked at a previous session of someone's deposition, I am not sure whose, that he received a reply from Miss Sears.

Technically, I suppose, it is a legal conclusion as to whether or not that constitutes notice or demand upon Lee Pharmaceuticals to cease production and advertising of what we consider to be an infringing product.

I do not believe your last question, the one that I objected to, has anything to do with whether or not Lee Pharmaceuticals continues to market its product.

MR. IRONS: Well, you and I are going to have differences of opinion about each and every paragraph of the complaint.

I just want the record to be very, very clear, that I consider this interrogation to be relevant to the complaint on its face without regard to the answer and counter-claims.

I am not saying that I don't think it is relevant also to that. But I don't think it is productive in the deposition record to go through the complaint paragraph by paragraph and for us to [p. 12] state our views.

So I am simply going to state my view generally.

MR. PAUL: I just did not want to appear captious in my objection in not knowing where you are going.

MR. IRONS: I am going into the allegations of the complaint. My question was the name of an individual.

You made the decision not to answer Miss Sears' letter of January 28, 1974; I will press that question for the record.

MR. PAUL: All right. And I will object and direct the witness not to answer for the same reasons as I stated before.

Q Did you make the decision not to answer Miss Sears' letter of January 28, 1974, which is Exhibit 402?

MR. PAUL: The same objection and same direction to the witness.

Q When did you first meet Henry Lee, if you ever did?

A When his deposition was taken in South El Monte, California.

Q In this case?

[p. 13] A In this case, in June or July of last year; June, I believe.

Q Mr. Ryab [sic], I believe you said that you received Exhibit 402 in perhaps early February of 1974?

MR. PAUL: I believe it is technically correct that he received the original of that, with a copy.

A I received the original.

Q Did you read it when you received it?

A Yes, I read it.

Q Did you send it on to anyone else?

A Yes, I did.

MR. IRONS: Let the record show we are having a recess.

(Whereupon, a brief recess was taken.)

Q Whom did you send it on to?

MR. PAUL: I object to that question and direct the witness not to answer, insofar as I perceive it to be a further investigation of the question—strike that.

I object and direct the witness not to answer on grounds previously stated.

MR. IRONS: For the record, do those grounds include or do they not include privilege or work [p. 14] product?

THE WITNESS: They include both. I am speaking for myself, but I am invoking the privilege as to this.

Q You as an attorney for Johnson & Johnson are invoking a privilege on behalf of your client; is that your position, Mr. Ryan?

A For both Johnson & Johnson and Ceramco.

Q I understand you.

What were the reasons why no answer was made to Miss Sears' letter of January 28, 1974, Exhibit 402?

A Again, I feel that any discussion as to the reasons why, as well as the identity of those to whom the letter was passed, is within the attorney-client privilege which I have been asked not to waive.

Q Did you make any investigations as a result of having read the letter from Miss Sears dated January 28, 1974?

MR. PAUL: To the extent that question could support the affirmative defense contained in Paragraphs 29A and B of the amended answer and counterclaim, I object and direct the witness not to answer.

MR. IRONS: You do fully realize, Mr. [p. 15] Paul, do you not, that that is an unclear-hands defense?

MR. PAUL: As I read it—

MR. IRONS: It says that on its face.

MR. PAUL: Correct.

Q Will you answer the question, Mr. Ryan.

A I'm sorry. Would you read that back to me.

(The record was read.)

A The objection of my counsel is on the record. I will not answer.

Q Do you know a Mr. Leeland [sic] Teets of the Wilkinson Company?

A I have met Mr. Teets, yes.

Q When did you first meet Mr. Teets?

A In early January 1974.

Q What was Mr. Teets' position at that time?

A I believe he was president of the Wilkinson Company.

Q Does Johnson & Johnson or Ceramco own any interest in the Wilkinson Company?

A Not to my knowledge.

Q Is there any attorney—client relationship between you and the Wilkinson Company?

MR. PAUL: That I believe is a conclusion [p. 16] of law.

I hope the questioning will not get to a point where it might be necessary to consider whether or not it is.

MR. IRONS: My purpose and my intent is to determine whether there is any claim of privilege with respect to communication with Mr. Teets.

That is the only reason I ask the question.

MR. PAUL: Off the record.

(Discussion off the record.)

Q Did you communicate with Mr. Teets in the forepart of 1974 to arrange a meeting with him?

A It was either in late December or early January that either I or someone else communicated with him for purposes of arranging a meeting with him, yes.

Q Was this communication with Mr. Teets about which you have testified in your last answer written or oral?

A I believe it was oral.

Q You know who communicated with Mr. Teets?

A No, I don't recollect who did it, whether I did it myself, or whether it was done on my behalf by someone at Ceramco.

Q It was one or the other?

[p. 17] A Yes, it was one or the other.

Q What did you tell—or what was Mr. Teets told with respect to the reason why you wanted to meet with him?

A I have no idea.

Q No idea at all?

A I have no idea of what he was told as to why I wanted to meet with him.

Q Was there any discussion of any trademark matters in connection with arranging the meeting with Mr. Teets?

A This is just in connection with the arrangement for the meeting. I don't recollect.

As to myself, I don't recollect; and as to whether someone else set up the arrangement, I would have no knowledge of that.

Q Why did you want to meet with Mr. Teets?

MR. PAUL: I still suggest that the answer constitutes attorney's work product.

The question would, if answered, tend to give an attorney's thought processes.

A Based upon the suggestion of counsel, I refuse to answer that question.

Q Did you want to meet with Mr. Teets to find out [p. 18] information for use in connection with litigation with Lee Pharmaceuticals? Yes or no?

A I cannot answer that question for the same reason given by me in regard to the previous question.

Q Did you have more than one meeting with Mr. Teets prior to April 12, 1974?

A No.

Q How many meetings did you have?

A One.

Q Where was the meeting with Mr. Teets held?

A In a restaurant in—or in the vicinity of the Century Plaza Hotel in Los Angeles, California.

Q Who else was present?

A Mr. Teets and another gentleman.

Q Who was the other gentleman?

MR. IRONS: Let the record show that counsel is conferring with the witness, and that I believe—

MR. PAUL: We will have a brief recess.

(Whereupon, a brief recess was taken.)

A Mr. Irons, I was in California at that time not only for purposes of seeing Mr. Teets, but in connection with other legal business totally unrelated to the subject matter of this lawsuit or the parties to this [p. 19] lawsuit, and it happened that another attorney was with me in another location in California, and he was traveling on to Los Angeles for purposes of catching a flight to another location in the United States, and he came to dinner with me that night when I met Mr. Teets.

I don't consider his name to be relevant to anything at all.

Q Please correct me if I am wrong: I have understood you to say in substance that the other gentleman who was present at this dinner with Mr. Teets was in no way connected with this lawsuit, and his presence there was a coincidental thing.

If that is your representation, I will pass the matter.

A It is.

Q I would like to ask one other question, because it may have relevance to another aspect.

Was this other gentleman who was present also counsel for Johnson & Johnson or Ceramco in some capacity? I am not asking the capacity, and the reason for the question is that if he was not, if he was a stranger, as it were, then any conversations with Mr. Teets could not possibly be privileged.

A I understand your question, and the reason for [p. 20] it.

At that time he was counsel for Johnson & Johnson.

Q Okay.

A In connection with other legal business.

Q I understand.

Did you ever visit the Wilkinson Company prior to the institution of this litigation?

A No, I didn't.

Q I show you a copy of a letter dated March 11, 1974 from you to Mr. Teets which is part of Exhibit 41.

Is that, in fact, a letter which you wrote and signed, or a copy of such letter?

A It is a copy.

Q Is the dinner meeting referred to in the first paragraph the dinner meeting about which you have testified?

A Yes.

Q Did you receive from Mr. Teets any documentary materials prior to the institution of this lawsuit and which are germane to the issues to which the lawsuit pertains?

A I did.

Q Have those materials or copies of them in [p. 21] their entirety been produced to the defendant in this action?

A They have.

Q Why was no copy of the letter which is before you produced by the plaintiff in this action?

A Would the reporter read that question back again.

(The record was read.)

MR. PAUL: I object on the grounds that, No. 1, I do not think there is any foundation for that question.

MR. IRONS: Are you finished?

MR. PAUL: Right.

MR. IRONS: The point is, we got it from Teets and Ceramco didn't produce it, and Johnson & Johnson didn't produce it, and I want to know why.

MR. PAUL: You are saying they did not produce it?

MR. IRONS: I certainly am.

MR. PAUL: I am saying I don't know.

MR. IRONS: I make that representation and I think it is correct.

I make mistakes like all other humans.

MR. PAUL: I understand that. I am strain- [p. 22] ing to see the relevance of that.

MR. IRONS: I think there have been a whole host of documents which have not been produced, and are squirreled away in Johnson & Johnson's files.

MR. PAUL: I will object on the grounds of relevance, and on the grounds that there is no relevance to that question, and direct him not to answer.

Q Do you have a file in your office or available to you which contains the retained copy of that letter, Mr. Ryan?

MR. PAUL: There is also no foundation for that question.

MR. IRONS: It does not require a foundation.

MR. PAUL: You postulated the existence of a retained copy.

MR. IRONS: I asked him if he had a file which contained such a thing.

MR. PAUL: All right. I will state again that the existence of the thing that is supposed to be retained has not been established.

Q Would you answer the question, please.

[p. 23] A Read the question again, please.

(The record was read.)

A There are Law Department files in our office in connection with this matter that probably do contain the retained copy of this letter.

Q Were those Law Department files to which you made reference in your last answer ever examined for production of documents to the defendants in this litigation?

A They were examined for the purpose of turning over to the defendant in this action all non-privileged and non-attorney work product documents.

Q Who did that examination?

A I did.

MR. PAUL: I object.

A I did.

Q Why was not Exhibit 402 turned over?

A It wasn't considered relevant.

Q I show you a copy of Exhibit 41. Have you ever seen that document before?

A I've seen the original of this document.

Q Is it in the files of the Law Department to which you referred in your testimony just given?

A Probably.

[p. 24] Q Why was it not produced?

MR. PAUL: For the record, I will also state that there is no foundation for that question.

Mr. Irons has testified now on two occasions that documents have not been produced.

I am not certain at this time if that is correct.

Q Could you answer the question.

A Could you read me back Mr. Paul's statement.

(The record was read.)

A I would respond to that question with the same answer I gave to the earlier one, on the grounds of relevance and, in any event, I will point out that it was turned over to the defendant by Mr. Teets at the time of the testimony in California.

MR. IRONS: As a matter of form, I object to my representations, which I believe to be accurate, being characterized as "testimony," which I understand to be a sworn thing.

I am doing my best to state facts as I know them. That is all.

Q Mr. Ryan, I call your attention to the fact that Exhibit 41, the second part of Exhibit 41, is a letter from you to Mr. Teets dated March 11. Do you see [p. 25] that, sir? I just call your attention to the date.

Now, I call your attention to the fact that the other part of Exhibit 41 refers to your—meaning Mr. Ryan's—letter of March 16. Is there also a letter of the 16th—

A Mr. Irons, could you clarify for me how many parts there are to Exhibit 41.

Q There are two parts. Namely, those two letters before you.

A I'm sorry. May I have the question again?

MR. IRONS: Can I go off the record and explain it to you?

(Discussion off the record.)

A There was no other letter, Mr. Irons. I can only attribute that as did Mr. Teets to a typographical error on the part of his secretary.

[p. 26] BY MR. IRONS:

Q Mr. Ryan, did you have any role in the drafting of the verified complaint in this action, just answer yes or not? I've not asked what the role was yet.

MR. PAUL: I'm going to object on the grounds that that's premature and irrelevant and going to direct the witness not to answer that question.

Q Did you yourself prepare any part of the text of the verified complaint in this action?

MR. PAUL: Same objection and same direction to the witness.

Q I show you a copy of the verified complaint in this action, opened for the purposes of this question to paragraph 15, on page 5. My question to you is:

Please state the facts known to you as of April 11, 1974 which are relevant to that paragraph.

MR. PAUL: I object on the grounds that this line of questioning is premature and irrelevant and that the same subject matters have been gone into at great length with witnesses that are neither attorneys, nor had any part in the preparation of these papers and they have testified, as far as I'm concerned, at length on these same matters.

[p. 27] MR. IRONS: For purposes of convenience and saving time, I would ask you two questions, Mr. Paul:

The first question is may it be understood that your position and mine with respect to this question are the same as they were with respect to a like question addressed to Mr. Towell.

MR. PAUL: I think it's fair to state that without trying to anticipate what sorts of questions you might propound, that yes, they are the same.

MR. IRONS: Your position would be the same with respect to a like question addressed to other paragraphs of the complaint?

MR. PAUL: That's correct.

BY MR. IRONS:

Q Were you present, Mr. Ryan, when Mr. Pelton verified the complaint on the 11th day of April 1974?

A No, I was not.

Q Did you yourself supply any facts to Mr. Towell for use in preparing the complaint?

MR. PAUL: I will object and direct the witness not to answer on the grounds as previously stated.

[p. 28] Q Did you make any investigations to develop any facts for use in preparing the complaint?

MR. PAUL: The same object and same direction.

Q Did you have any role whatever in connection with the preparation of Exhibit 401, which is Mr. Pelton's affidavit in support or [sic of] order to show cause? I place that exhibit before you.

MR. PAUL: The same objection and the same direction to the witness.

Q. Mr. Ryan, I show you page 3 of Mr. Pelton's affidavit. I invite your attention and I am referring now to Exhibit 401, to the portion in the middle of the third page which says:

"I am advised that sales by Culver-Wilkinson of the corrective composition under the GENIE trademark were as follows:"

Do you see that passage, sir?

A I do.

Q Is it still your testimony that the letter of March 19, 1974 from Mr. Teets to you which is a part of Exhibit 41 is not relevant?

MR. PAUL: For the record, Mr. Pelton has testified with respect to virtually every [p. 29] paragraph in the complaint and his affidavit in support of the application for a preliminary injunction and I do not, at this time, wish to get into arguments as to the relevancy of various documents, specifically, the deposition Exhibit No. 41, a copy of the letter from Mr. Teets to Mr. Ryan, dated March 19, 1974.

MR. IRONS: Well, I'm not clear whether the witness is instructed not to answer the question or whether you just made a statement.

MR. PAUL: Yes, I will instruct him not to answer.

BY MR. IRONS:

Q Did you provide the advice to Mr. Pelton which is reflected in the portion of the affidavit to which I have called your attention?

MR. PAUL: I object to the question and instruct the witness not to answer on the grounds of prematurity and irrelevancy, if not on the grounds of attorney-client privilege.

Q I show you page 4 of the affidavit in support of order to show cause which is Defendant's Exhibit 401

and I call your attention to the paragraph which begins in the middle of the page which says:

[p. 30] "In recent months Ceramco has discovered that the defendant Lee, a California corporation, manufacturing and selling products in the dental field, has misappropriated the trademark GENIE in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets."

Do you see that passage?

A I do.

Q State the facts known to you as of April 11, 1974 which support that sworn statement.

MR. PAUL: I object and direct the witness not to answer on the same grounds as previously stated.

MR. IRONS: Would you simply instruct him as to like questions premised on other portions of that affidavit, which is Exhibit 401?

MR. PAUL: I believe I would.

Q Mr. Ryan, do you know of an organization called Janssen Pharmaceutia, N.V. of Belgium?

A I do.

Q Is there any relationship between that organization and Johnson & Johnson?

[p. 31] A It is a wholly owned subsidiary of Johnson & Johnson.

Q Do you do work in connection with trademark matters pertaining to Janssen?

MR. PAUL: That question is, so far as we are concerned, irrelevant and I will direct the witness not to answer.

MR. IRONS: Mr. Paul, I believe that you are aware that Judge Mishler has ordered that the amendment to the counterclaim dealing with this matter be entered. Are you aware of that, sir? I call your attention to

this paragraph 40A9. It's down at the bottom of that page.

(Discussion off the record.)

MR. PAUL: I understand what transpired at the last pretrial conference before Judge Mishler has been more or less accurately set forth in the transcript of that decision and I can do nothing but rely on what that transcript says.

MR. IRONS: My particular reference—and I don't want to debate with you on the record—was this was a matter that was specifically considered on October 7th and 8th at those hearings and there was a ruling made as to this amendment at that time. [p. 32] That's my recollection.

MR. PAUL: It is my understanding that Judge Mishler did not strike the paragraph you most recently referred my attention to, nor did he require that any portion of the amended counterclaim be repleaded, so far as I understand. The grounds for my objection goes to the irrelevance of it to the issues which I understand are to be tried by the court, at least in the first instance.

MR. IRONS: I understand. I understand the witness is instructed not to answer the pending question?

MR. PAUL: That's correct.

BY MR. IRONS:

Q Mr. Ryan, has any action been taken on behalf of Janssen to register the name GENIE in the Benelux countries?

A I believe action has been taken toward that end.

Q What action has been taken?

A I believe an application has been filed and a registration may have been issued. I am not positive of the latter.

Q Are there documents in the files of Johnson & [p. 33] Johnson which pertain to such application or registration?

A I believe that there would be files in the law department relative to such application.

Q What specifically was the mark which is the subject of the application for registration?

A I believe it is GENIE.

Q Alone?

A Alone.

Q What are the goods involved?

A I am not sure.

Q Do you have any knowledge at all?

A No, I have no knowledge of that.

Q Did you have any role in the preparation of the application?

A No, I did not.

Q Do you know who did?

A No, I do not.

Q Did somebody in the office of Johnson & Johnson do it?

A I believe so.

Q Do you know Mr. St. Landau?

A Yes, I do.

Q Is his name Norman St. Landau?

A It is.

[p. 34] Q What is his job at Johnson & Johnson?

A He is international counsel for the company.

Q Generally?

A Generally.

Q Was he in the employ of Johnson & Johnson in May of 1973 when you went to work there?

A Yes, he was.

Q As he is now?

A Yes, he is.

Q What is the relationship, if any, between you and him professionally?

A We are professional colleagues.

Q Does Mr. St. Landau handle foreign trademark applications, meaning [sic as an] attorney to [sic in] the United States, in behalf of Johnson & Johnson and its subsidiaries?

A Yes, directly or indirectly.

Q Please explain what you mean by indirectly in that answer.

A If he wouldn't perform the action himself, he would instruct assistants to do so.

Q Assistants in the employ of Johnson & Johnson or outside people?

A Either one.

Q Who are his assistants in Johnson & Johnson [p. 35] that would assist him in connection with foreign trademark applications?

A I'm sorry. I don't know their exact names.

Q Do you know any of their names or any parts of any of their names?

A No.

Q You are telling me under oath that you don't know any parts of any of the names of Mr. St. Landau's assistants that help him with foreign trademarks, is that right?

A That's what I'm telling you.

Q How many assistants does he have?

A I'm not exactly sure of the number.

Q Do you have any understanding of approximately how many?

A Perhaps six.

Q And you don't know the names of any of them?

MR. PAUL: He's already answered that question.

MR. IRONS: I want to hear him tell me again.

A I don't have a present recollection of the names of his assistants.

Q Have you seen any copies of any documents which [p. 36] pertain to the application filed on behalf of Janssen to register the trademark GENIE?

A No.

Q How did the fact that such application was filed come to your attention?

A I don't recollect how it came to my attention.

Q You have no recollection whatever?

A No, I have none, other than reference to it.

Q What reference?

A In a motion filed by the defendant in this action.

Q Why were not the documents pertaining to the application to register this mark GENIE in behalf of Janssen produced to the defendant in this action?

MR. PAUL: I object on the grounds of relevance. I've been restraining myself in objecting in the past and I also might suggest to the witness that the answer to that question might infringe upon the attorney work-product privilege.

Q Will you answer the question?

A No, I will not.

Q Have you had any responsibility as counsel for Johnson & Johnson or Ceramco with respect to the production of documents to the defendants in this action?

[p. 37] MR. PAUL: I object on the grounds that that question is irrelevant. This subject has been the—the question of full production has been the subject of at least two motions by the defendants, none of which, so far as I can recall, have been sustained.

Q Would you answer the question?

A No, I will not.

Q On what ground, Mr. Ryan, you haven't been instructed not to answer it?

MR. PAUL: I will instruct him not to answer on the grounds it is irrelevant, if, as a matter of fact, it's true, that such documents haven't been produced.

Q Have you had any correspondence with anyone—I'm talking about written correspondence—with respect to the application filed on behalf of Janssen to register the mark GENIE?

A No.

Q Have you had any verbal communications with anyone with respect to the application on behalf of Janssen to register the mark GENIE?

A Yes.

Q Who?

[p. 38] A Mr. Paul and Mr. Dobbins.

Q Anyone else?

A No.

Q Does Johnson & Johnson presently market an orthodontic bracket adhesive?

A To the best of my knowledge, no.

Q Does Johnson & Johnson use the word GENIE alone as a trademark on any product which is sold in the United States?

A No, to the best of my knowledge.

Q Does Ceramco use the word GENIE alone on any product it has sold in the United States?

A The same answer.

Q Meaning no as far as you know?

A To the best of my knowledge.

Q Can you tell me, Mr. Ryan, who in the Johnson & Johnson legal department or in the employ of Johnson & Johnson would be informed concerning the application on behalf of Janssen to register the mark GENIE?

The reason for my question is I would like to find a more knowledgeable person than you appear to be, about the matter.

A I would think Norman St. Landau.

MR. IRONS: I have a document which I [p. 39] will ask be marked Exhibit 403, which is a certified copy of a Canadian trademark application filed, as I understand

it, on behalf of Johnson & Johnson or perhaps its Canadian affiliate.

(Certified copy of a Canadian trademark application marked Defendant's Exhibit 403 for identification, as of this date.)

BY MR. IRONS:

Q I show you Exhibit 403. Have you ever seen the document or a copy of it before?

A Yes.

Q When did you first see it, Mr. Ryan?

A In the late summer of this year, in July or August.

Q Under what circumstances did it come to your attention?

A In connection with an investigation that I was conducting.

Q An investigation of what?

A Filing of the application.

Q Which application, the Canadian one?

A The one marked Exhibit 403.

Q What was the nature of the investigation you were conducting?

[p. 40] A I am not going to answer that question for the reason that it would involve disclosure of attorney-client communications and attorney's work product material.

Q I show you a page of this document which is addressed to the Register of trademark[s] in Ottawa, Canada. It bears at the bottom the typed name Norman St. Landau and an initial.

Would you look at that page, please, and tell me if you had any role in the preparation of its text.

A No.

Q Do you know who did?

A No.

Q Did you read that page before the application was filed in Canada?

MR. PAUL: I think that Mr. Ryan testified that the first time he saw the document as filed was this summer and so I think necessarily he could not have seen it before.

MR. IRONS: The whole document may be one thing and the page may be another thing. That is why I ask the question.

A As I indicated, I did not see the application, the papers filed in support of the application, until this summer.

[p. 41] Q Or any drafts of them?

A Or any drafts of them.

Q I call your attention to the paragraph numbered 3 on this page which starts out with the words:

"3. The applicant intends to use . . ."

Would you read that paragraph to yourself?

(Witness complies.)

A Yes.

Q Do you have any knowledge of any fact inconsistent with what is stated in that paragraph?

A Again, I'm going to refuse to answer on the grounds that it would involve the disclosure of confidential attorney-client communications, as well as attorney's work product material.

Q To the best of your knowledge, Mr. Ryan, was that representation to the Registrar of Trademarks of Canada true on April 17, 1974, which is the date of the document?

A First, I didn't see the document at the date it was executed. So I have no knowledge as to its truth or falsity on that date.

Secondly, I refuse to answer further on the grounds of the attorney-client privilege and the attorney's work product.

[p. 42] Q Do you have any present knowledge as to whether or not that statement was true on April 17, 1974?

A The same answer as to the attorney-client privilege. The same answer as to attorney's work product.

Q Did you ever know Mr. St. Landau to make a false representation to a trademark office?

A No.

MR. IRONS: I would like to have lunch at this point, if I may.

(Whereupon, at 12:10 p.m., a luncheon recess was taken.)

AFTERNOON SESSION

1:00 p.m.

[p. 43] MICHAEL J. RYAN, JR., resumed the stand and testified further as follows:

MR. IRONS: I have a document which I will ask the reporter to mark Exhibit 404 which pertains generally to an opposition proceeding in the United States Patent Office.

(Document pertaining to opposition proceeding in the United States Patent Office marked Defendant's Exhibit 404 for identification, as of this date.)

EXAMINATION (cont'd)

BY MR. IRONS:

Q Mr. Ryan, I call your attention to the first page of Exhibit 404.

Does your signature appear on that page in your writing?

A It does.

Q Is that a document you caused to be filed in the Patent Office?

A It is.

Q This document which you signed refers to the verified complaint, order to show cause and supporting [p. 44] affidavit, answer and counterclaim and proposed amendment to answer and counterclaim.

Would you examine the document and confirm that all of those pleadings are a part of it.

A They are.

Q Referring to Exhibit 404 and particularly to the verified complaint which is one of the papers you filed in the Patent Office, Mr. Ryan, in support of your "Motion for Suspension of Proceedings," do you want to tell me the facts that you knew as of August 16, 1974 to support the allegations of paragraph 14 of the verified complaint?

MR. PAUL: I object on the grounds previously stated and direct the witness not to answer.

I might also note for the record that this is a Patent Office proceeding that Mr. Ryan is being questioned about and I wonder, putting aside my objection, what the relevance of that is.

MR. IRONS: Perhaps you are not aware and, therefore, I will answer. It is an opposition involving the same trademark.

MR. PAUL: I am aware of that.

MR. IRONS: I think then the relevance is equally obvious.

[p. 45] Again your position would be the same with respect to like questions on other paragraphs of the complaint?

MR. PAUL: Yes, I believe it would be.

MR. IRONS: And with respect to like questions based on the show cause affidavit?

MR. PAUL: That's correct.

BY MR. IRONS:

Q Mr. Ryan, one of the papers that you caused to be filed in the Patent Office was a copy of the answer and counterclaims in the case which is pending in the Eastern District of New York and I call your attention to the affirmative defense, paragraphs 29A and B which appear on page 3 of the answer and counterclaim.

Do you see those allegations, sir?

A I do.

Q At the time you filed the paper in the Patent Office in August of 1974 were you aware that those allegations were present in the answer and counterclaim?

A Yes.

Q Did you make any investigation to determine whether or not there was any substance to those allegations before filing the verified complaint an accompanying affidavit in the Patent Office?

[p. 46] MR. PAUL: Object on the grounds previously stated and direct the witness not to answer.

Q I show you another part of Exhibit 404 which is a pleading entitled "Opposition." It has handwritten on it the No. 56,114 and it shows a Patent Office date stamp of August 1, 1974. It is three pages long and it bears the signature of H. Gordon Pelton on the third page.

Have you seen that document before or a copy of it?

A Yes.

Q When did you first see it?

MR. IRONS: Counsel and the witness are conferring over my objection.

A Some time shortly prior to August 16, 1974.

Q Do you know who prepared it?

A Yes.

Q Who did it?

A I did.

Q Did you make any investigation into any of the facts as set forth in the Opposition prior to the time that you set it forth to Mr. Pelton for his signature?

MR. PAUL: I object on the grounds that this line of questioning is, as I've stated before, is irrelevant and, if anything, premature and I direct [p. 47] the witness not an answer.

Q Did you discuss the Opposition, and by that I mean the pleading, which I have called to your attention, with Mr. Pelton before he signed it?

MR. PAUL: Same objection and same direction.

Q Did Mr. Pelton sign it in your presence?

A No.

Q Do you know where he did sign it?

A I believe he signed it at the offices of Ceramco, Inc.

Q Where is that?

A Long Island City, New York.

Q Do you have any knowledge as to whether or not the factual statements which appear in the Opposition are true?

MR. PAUL: Same objection and same direction to the witness.

Q Did Mr. Pelton make or suggest any changes in the text of the Opposition document before he signed it?

MR. PAUL: That I suggest is subject to the attorney-client privilege, as well as other objections that I will not burden the record with at this time.

Q Will you answer.

A No, I will not answer that question.

[p. 48] Q Do you have a file in your office which pertains to the Opposition?

A Yes.

Q Do you know any good grounds to support so much of paragraph 1 of the Opposition as states:

"1. Opposer, through its predecessor in interest and through its own efforts, is the owner of all rights, title and interest in and to the trademarks GENIE, alone or in combination, GOLD GENIE and CERAMIC METAL GENIE."

So far as that representation refers to the word GENIE alone as of the time you prepared the Opposition documents.

MR. PAUL: I object to the question on the ground of its prematurity and irrelevancy and direct the witness not to answer.

MR. IRONS: Your instruction would be the same if I ask a like question as to other representations that appear in the Opposition document?

MR. PAUL: Yes, I will.

BY MR. IRONS:

Q Are you an officer of Johnson & Johnson?

A I am.

Q What is your position?

[p. 49] A I am an assistant secretary of Johnson & Johnson.

Q Do you know a man by the name of John W. Melton?

A Yes.

Q Who is he?

A John W. Melton is a former member of the office of general counsel of Johnson & Johnson.

Q Is he still employed by Johnson & Johnson?

A No, he is not.

Q When did he leave?

A Approximately three or four months ago.

Q To whom did he report while he was employed by Johnson & Johnson, at least during the last six months?

A Arthur S. Lane, general counsel.

Q Did he have any professional relationship to you in the sense of you as his superior?

A No. He and I were colleagues in the same law department.

Q Did you have any responsibility in connection with the preparation of answers on behalf of the plaintiff to interrogatories filed under Federal Civil Rule 33, by the defendant?

MR. PAUL: I object on the grounds of irrelevance and direct the witness not to answer.

Q I show you a copy of a document which has been [p. 50] marked Exhibit 204.

Did you have any role in the preparation of that document or in the collection of information for use in preparing the document? The title of the document is "Answers of Plaintiff Ceramco, Inc. to Certain of Defendant's Interrogatories (15-55)."

MR. PAUL: I have asked this question before and I'm constrained, because of the question on the record, to ask again.

I am unsure of the relevance of this line of questioning. In the past I have taken the position with respect to the complaint and the affidavit of Mr. Pelton filed in support of an application for a preliminary injunction and questions concerning it appear to be directed in support of certain portions of the answer and counter-claims which the plaintiff considers to be premature and irrelevant.

Insofar as I recall, this is the first question we have had with respect to the interrogatories. The answers to these interrogatories as well as to the first 14 interrogatories propounded by the defendant have been the subject of numerous motions of defendant for further answers and for sanctions, all of which have been denied by the judge and unless you can offer [p. 51] some cogent reason for going into this, I am going to object to further questioning.

MR. IRONS: One of the cogent reasons is Mr. Dobbins made false representations of facts to Judge Mishler to induce those rulings, which I believe his conduct was fraudulent.

Another reason is I think we are entitled to determine whether or not we have obtained the information under Rule 26, to which we were entitled, quite irrespective of Mr. Dobbins' fraudulent conduct and so I intend to inquire into these interrogatories to see if, in fact, we have the information which in the words of Rule 33 constitute "such information as is available to the party."

MR. PAUL: I will state for the record on Mr. Dobbins' behalf, who is not here, that we, of course, strongly deny and regret any accusations of fraudulent conduct and my position is unchanged.

The court has ruled on the suffice [sic] of these answers to interrogatories and so far as I am concerned that is a dead issue.

MR. IRONS: I would welcome an opportunity to tell Mr. Dobbins to his face, as far as his not being here is concerned. I made that statement in support [p. 52] of my position. I will make it in his presence and I will and have made it on the record of these proceedings.

BY MR. IRONS:

Q Mr. Ryan, will you answer the question or not?

A Can you restate it?

Q I will ask it again.

Did you supply any of the information which was used in the preparation of the answer of plaintiff Ceramco, Inc. of the defendant's Interrogatories 15 to 55, a copy of which has been marked Exhibit 204?

MR. PAUL: For the reasons previously stated by me on the record, I object to the question and direct the witness not to answer.

Q Do you know Harold Culver?

A Yes, you could say I know him, only from my few brief conversations with him.

Q When did you first have communication with Harold Culver?

A In early January 1974.

Q Was the communication face to face or by some other means?

A My first conversation with him was over the telephone. Subsequent communications were face to face. [p. 53] Q No written communications at any time?

A There may have been written communications. In fact, I think there were subsequent to my face-to-face discussion.

Q Have copies of those written communications been produced in this action?

A To the best of my knowledge, they have.

MR. IRONS: Mr. Paul, I have not seen any such communications. I would appreciate if you would give them to me.

Q Can you tell me what transpired in your first telephone communication with Mr. Culver?

A I set up an appointment to see him in his offices in San Diego, California.

Q What did you say to him?

A In substance, that I would like to meet with him for purposes of discussing some facts relative to the GENIE products which Ceramco had acquired from both Culver and Wilkinson.

Q Did you tell him what facts you wished to discuss?

A The facts, as I remember, related to the origin, development, sales, promotion of the products bearing the GENIE trademark.

Q What did Mr. Culver say to you?

[p. 54] A Mr. Culver didn't have a very clear recollection in my first conversation with him face to face.

Q I'm sorry. Please excuse me, Mr. Ryan. I'm trying to ask you what he said to you in the telephone conversation, first.

A Your question is directed at my first conversation with him over the telephone?

Q Yes, sir.

A He said he would be happy to meet with me to discuss this subject matter at my convenience when I was in San Diego.

Q Was there any written follow-up on that telephone conversation?

A Not that I remember.

Q Did you subsequently meet with Mr. Culver in San Diego?

A I did.

Q Approximately when and where?

A In his offices in the early part of January 1974. The exact date of the meeting I cannot recollect.

Q Was anyone present besides you and Mr. Culver?

A No.

Q Can you state what you said to Mr. Culver and what he said to you, in substance?

[p. 55] A In substance, I asked Mr. Culver to give me as much factual background as he could on how the products bearing the GENIE trademark came to be developed, what his role was in the development of the products and the trademark, what relationship he had or his company had with the Wilkinson Company in Los Angeles, facts surrounding the sale of the business and the trademarks to Ceramco and a few other matters that I can't specifically recall related to those subjects.

He, in turn, in substance, told me about his role in developing the products, his role in the selection of the trademark, the manner in which the product was manufactured for him under his control by the Wilkinson Company, the Wilkinson Company's role in the sale and promotion of the products and the question of what, if

any, efforts were conducted relative to the registration of the GENIE trademark.

Q What did he say with respect to his role in the development of the product?

A That he was the originator or inventor of the products.

Q Does that complete your answer?

A Yes.

Q Is your recollection exhausted as to what he [p. 56] said in his role in the development of the product?

A Yes.

Q What did he say about his role in the selection of the trademark?

A That he was the creator of the mark and that the mark which he created or originated was acceptable to both himself and the Wilkinson Company.

Q Does that exhaust your recollection about what he said about that matter?

A It does.

Q What mark did he tell you he selected?

A GENIE.

Q Alone?

A In my discussion with him the only trademark he referred to was GENIE.

Q Did he tell you that either he or Wilkinson had ever used GENIE alone?

A No, he did not.

Q What did he tell you with respect to the manner in which the product was manufactured for him by Wilkinson?

A That he created the specifications for the manufacture of the product, its formula and that Wilkinson, under agreement with him, manufactured the produce according to his specifications and formula.

[p. 57] Q Did you see any documentation reflecting the specifications of formula?

A No, I did not

Q Did Mr. Culver supply you any documents reflecting the specification or formula?

A No, he did not, to my recollection.

Q Again, what is the nature of this "product" to which you have referred?

[p. 58] A It is a metal composition product or series of products used in the repair of defectively-cast gold crown and bridgework, as I understand it.

Q What did Mr. Culver tell you with respect to Wilkinson's role in the sales and promotion of this product?

A That Wilkinson was the exclusive manufacturer and distributor of the product during the first five years of its existence.

Q Who participated in the sales and distribution after the first five-year period, if you know?

A Ceramco, under the April 19, 1973 contract.

Q Namely, Exhibit 21?

A Yes, 21.

Q Is it your testimony that Ceramco promoted and sold a product which had the same specification and formula as Wilkinson?

A To the best of my knowledge.

Q How long did that continue?

A It continues to date, commenced, as I understand it, in and around October 1973.

Q Mr. Ryan, have you exhausted your recollection concerning what Mr. Culver said to you with regard to Wilkinson's role in selling and promoting the product?
[p. 59] A I have.

Q What did Mr. Culver say to you with respect to what, if anything, had been done with respect to registering the trademark?

A Mr. Culver's belief was that the mark had been registered either on his behalf or in the name of Culver Laboratories, or on behalf of or in the name of Wilkinson Company by an attorney who had represented Mr. Cul-

ver, Culver Laboratories alone, or Culver Laboratories, Mr. Culver, and the Wilkinson Company all together in 1968, I believe.

Q Did Mr. Culver show you any documents at the time of this face-to-face discussion with him?

A A few, as I recollect.

Q What did he show you?

A I have no specific recollection of what he might have turned over to me at that time.

Q He did turn something over to you at that time?

A There were a few pieces of correspondence, perhaps, but I'm not positive, some invoices. I think that's all he turned over to me at that time.

Q Did he turn over any documents or physical items to you at a later time?

[p. 60] A He did.

Q Where are the documents and the things, if there were things, which Mr. Culver turned over to you physically located at the present time?

A They are in the possession of counsel, copies are in our files, and copies are in your files.

Q The implication of your testimony is that they have all been produced?

A All of them have been produced.

Q I would like to examine the files as they exist, which you still have to check and be sure that they have all been produced. Would you be willing to permit me to do that? I address the question to both of you.

MR. PAUL: I take it under advisement.

Q Were any things as distinguished from documents given to you by Mr. Culver?

A No.

Q I show you a copy of Rule 33 of the Federal Rules of Civil Procedure. 33A, provides, among other things: "The party shall answer, and in answering, shall furnish such information as is available to the party."

Are you familiar with that rule?

A Yes, I am.

Q I show you again a copy of Exhibit 204, and [p. 61] invite your attention to Interrogatory 15 and the purported answer.

Does that answer supply such information as was available to Ceramco at the time the answer was verified?

MR. PAUL: That answer has already been the subject of judicial scrutiny, and I will pose the same objection and direction to the witness as I did with respect to the general questioning concerning interrogatories most recently posed by Mr. Irons.

MR. IRONS: Mr. Paul, I propose to ask essentially the same—by that I mean not intentionally different in substance—questions as to Interrogatories 1 through 56, and the alleged responses where there are responses.

Would your instruction be the same?

MR. PAUL: I believe it would be, yes.

MR. IRONS: Again, because, in all frankness, I consider this to be quite a serious problem, I call your attention to the fact that the interrogatory answer as it appears does not comply with the rule in view of the witness' testimony, and I take that position.

[p. 62] Q Mr. Ryan, I want to continue about Mr. Culver:

Did you have any further face-to-face meetings with him? I believe you were present at his deposition. Let's say before his deposition was taken in this case.

A No, other than the day his testimony was taken, no.

Q Did you have any written correspondence with him other than that which you have already referred to—

MR. IRONS: Strike that.

Q Have you ever had any written correspondence with Mr. Culver?

A I may have. But I don't have any specific recollection. I think he sent a cover letter with some additional materials to me after the face-to-face meeting. But other than that, no.

Q Where is that cover letter, physically?

A In our files.

MR. IRONS: I have not seen it, Mr. Paul, and I would like to have it, please.

Q Did you have any subsequent telephone conversations with Mr. Culver? By "subsequent," I mean subsequent to your face-to-face meeting in San Diego.

A I think one or two.

Q Will you state approximately when?

[p. 63] A February or March 1974.

Q State the substance of what was said in those telephone conversations, please.

A All I can recollect is that I thanked him for his efforts in trying to put some materials together for me, and that as far as I could tell, they were satisfactory for my purposes.

But that if any questions might arise later, I would like to feel free to communicate with him further.

Q Your recollection is now exhausted?

A That's as complete as I can be about those telephone conversations.

Q I want to advert to your dinner meeting with Mr. Teets.

Can you state in substance what was said at that meeting which might pertain to this litigation?

A I asked Mr. Teets for information that would complement what I received from Harold Culver, relative to the role of Wilkinson Company in regard to the metal composition produces I earlier referred to, the extent of the sales of that product, of the promotion of that product, promotion in the broad sense, including advertising that might have been done, and what recollection Mr. Teets might then have regarding the subject matter of [p. 64] registration of the trademark GENIE.

Q What did Mr. Teets say?

A Mr. Teets informed me of the role that the Wilkinson Company had played in the manufacture of the product, confirmed Harold Culver's representations regarding

Wilkinson's involvement as the manufacturer under the Culver specifications and formula.

He indicated that the Wilkinson Company had marketed this product on a national basis up to and going slightly beyond the April 19, 1973 agreement, Lee Exhibit No. 21; that the Wilkinson Company had promoted it; that the Wilkinson Company had sold product along with Culver to Ceramco, and that there was a vague but still somewhat clear belief that the mark was registered in either Wilkinson's name or that of Culver Laboratories.

Q Are you through?

A Yes. That is the substance.

Q Is your recollection now exhausted concerning your discussion with Mr. Teets?

A As best as I can recollect, that does exhaust in substance what was said, yes.

Q Did you talk to Mr. Teets on the occasion of the same trip you made to California when you saw Mr. [p. 65] Culver or on a different trip?

A No, it was on the same trip.

Q How much time did you spend with Mr. Culver?

A I was at his offices for approximately an hour and a half, no more than two hours in San Diego.

Q Did you make any investigation after these discussions with Mr. Teets and Mr. Culver in the United States Patent Office to determine whether or not the mark had been registered or did you cause any such investigation to be made?

A I recollect that an investigation was done.

Q When?

A I believe it was subsequent to our meeting. But it could have been prior to our meeting.

Q By whom?

A By a Washington organization.

Q Do you know the name of the Washington organization?

A Altman & Altman.

Q I show you a copy of Exhibit 39. Does that have any connection to the investigation you referred to?

A No.

Q Who asked Altman & Altman to make the investigation?

[p. 66] A I did.

Q Did they report the investigation to you orally or in writing?

A Orally.

Q What did they tell you?

A That no federal registration appeared to exist in the names of either Culver Laboratories Incorporated or the Wilkinson Company.

Q Did you make the request of Altman & Altman orally?

A Orally.

Q Did you get a bill for it?

A I don't recollect. I may have.

MR. IRONS: I would like to know the date and I ask Mr. Paul that such reasonable effort be made as may be appropriate to determine it. Could you take that under advisement, please.

Q I show you a copy of a document marked Exhibit 17. Did Mr. Culver give you a copy of that document, Mr. Ryan?

A He may have. I don't recollect.

MR. IRONS: Mr. Paul, I want to examine the file as it exists in your office or Mr. Ryan's or wherever of communication with Wilkinson and [p. 67] Culver, because of my concern that we don't have everything that was given to Mr. Ryan or to your client.

Q That is Exhibit 17?

A Well, I don't have any specific recollection of this—of these documents, this letter.

A Exhibit 17, being turned over to me by Harold Culver at that time. It is my recollection that this document as marked as Exhibit 17 at Harold Culver's deposition.

Q I think it shows that in the marking itself.

A I believe Mr. Culver testified that he turned everything to you that he had turned over to me.

MR. IRONS: Whether he did or not, my request to counsel stands.

A Well, that is my recollection.

Q Mr. Ryan, you told Judge Mishler at the hearing on November 7th that the plaintiff was ready for trial. Is that true?

MR. PAUL: What's the relevance of that question?

Q Answer the question, please.

A I think that it really speaks for itself, Mr. Irons. We are prepared to put our main case on at the [p. 63] December 15th trial date set by Judge Mishler.

Q Are you going to call Mr. Teets as a witness?

MR. PAUL: That question is also, a question, if I am not mistaken, that's been propounded in your most recent set of further interrogatories which we plan to answer within the time specified by the Federal Rules.

Q Could I have an answer to the question, please.

MR. PAUL: That question constitutes attorney's work product.

A No, I will not answer on that basis.

Q Do you know the names of the witnesses that the plaintiff will call to present its case in chief, just answer yes or no?

A No, the same objection.

Q You refuse to answer?

A On the grounds that it constitute attorney's work product, yes.

Q Tell me the names of the witnesses that the plaintiff will call to present its case in chief at the trial.

MR. PAUL: Same objection.

A And in the absence of a formal—

MR. PAUL: Putting aside the formal [p. 69] pre-trial order on which I presume will be entered in this case in due course, there is also on the books an order by Judge Constantino, sometime in June or July of 1974, which directs itself specifically to this question.

Q I want an answer to the question or an instruction not to answer it.

MR. PAUL: I so instruct him.

MR. IRONS: I don't mean by that that I agree with the instruction. I want a record.

Q Do you know the identify [sic] of any documents that the plaintiff will rely upon in the presentation of its case in chief at the trial?

MR. PAUL: Same objection, same direction.

Q Could you identify for me each document which the plaintiff will rely upon in the presentation of its case in chief at the trial?

MR. PAUL: Same objection, same direction.

MR. IRONS: Mr. Paul, you said and I'm not trying to put words in your mouth, but I understood you to say that similar questions are posed in some pending interrogatories which you intend and I think your word was "to answer." Does this mean that you are going to—

[p. 70] MR. PAUL: Answer or object or whatever latitude is provided us by the Federal Rules. What I meant to say, if it was unclear, that we intend to respond.

MR. IRONS: I wanted to bring that up. Although I had hoped the contrary, I didn't think you were making a commitment to supply the information, because it seemed inconsistent with your instruction.

MR. PAUL: I'm sorry that I misspoke.

MR. IRONS: Again, without committing you or inviting an answer, I anticipate that the information will not be forthcoming.

I don't think I have any more questions, I'm going to suspend the deposition at this time in view of the state

of the record and I will take under advisement such procedures, if any, that I may wish to invoke.

MR. PAUL: I have a couple of things. Number one, I will investigate your request for further documents, if as a matter of fact, we discover some documents, whether we believe they have been produced or not. I will make them available to you as soon as possible. One question on cross.

MR. IRONS: I don't object to your posing [p. 71] the question, so long as you don't take the position, that my failure to object is that I waive my right to continue.

MR. PAUL: I recognize your right to continue.

EXAMINATION BY MR. PAUL:

Q Mr. Ryan, during the break we took for lunch most recently, did you have occasion to refresh your recollection with respect to Mr. St. Landau's assistants who may or may not have participated in the preparation or filing of certain foreign trademark applications or registrations?

A Yes, I did. Just so we will have it clarified, Mr. Irons. I don't work with Mr. St. Landau or any of his people. I don't have any occasion to deal with him day-to-day or otherwise. I am not really familiar with who they are.

My secretary informs me that the following are the names of his assistants who might, under his direction and control in the foreign area, have been involved in the questions that you asked me.

Edna Rust, Marcia Mercal, Gladys Foley, Irene Marx Macarty, Barbara Salerno or Barbara Stewart.

MR. IRONS: The deposition stands [p. 71A] in suspension.

(Time noted: 2:00 p.m.)

* * * *

**MEMORANDUM IN SUPPORT OF DEFENDANT'S
MOTION FOR SUMMARY JUDGMENT**

Preliminary Statement

Over defendant's objection the plaintiff has been permitted to withdraw all of its legal claims, including its claim for damages.

The plaintiff has since represented to the Court that it seeks only equitable relief and the Court has agreed. Thus, in its October 20, 1973 "Memorandum and Order" the Court held that "Both the claim and the Counterclaim are equity actions" (p. 2). That ruling was adhered to at the November 7, 1975 reargument hearing.

A basic tenet of equity is that ~~its~~ suitors must come into Court with clean hands. The record shows that the complaint in this action, which—contrary to normal practice under the Federal Rules of Civil Procedure—is a *sworn complaint*, was verified by plaintiff's president H. Gordon Pelton even though he knew at that time of verification that many of its material averments were false. This false swearing, moreover, was suborned by the plaintiff's counsel who prepared the verified complaint for Mr. Pelton's verification. Indeed, one of such counsel, Mr. Towell, also served as the notary public before whom the complaint was, allegedly verified.⁴

The falsely verified, perjurious [sic] complaint, together with an equally spurious "Affidavit in Support of Order to Show Cause" was used in support of the plaintiff's original Motion for Preliminary Injunction. The spurious complaint, of course, is still relied upon as the basis for equitable relief sought by the plaintiff from this Court.

⁴ Neither Mr. Pelton (Dep. 144-145) nor Mr. Towell (Exhibit F, p. 9) could remember whether Mr. Towell was present when Mr. Pelton verified the complaint.

By reason of the perjured complaint and the subornation of the perjury by its counsel, the plaintiff comes into Court with unclean hands and is thus disentitled to be heard, much less to equitable relief. Because the plaintiff now seeks only equitable relief, the complaint should be dismissed with prejudice.

The Plaintiff's Unclean Hands

Defendant's concurrently filed statement pursuant to Local Rule 9(g) sets forth undisputable facts as to which there is no genuine issue, demonstrating that many material averments of the complaints *per se* and of the "verification of the complaint" are false and were known by plaintiff's president H. Gordon Pelton to be false when he verified the complaint. This Local Rule 9(g) statement also demonstrates that the complaint was prepared for Mr. Pelton's signature by plaintiff's counsel, one of whom, Mr. Thomas Towell, Jr. also served as the notary before whom the complaint purports to have been verified.

These facts, all taken from the complaint, the depositions of Mr. Pelton, Mr. Towell, Mr. Ryan and Dr. H. L. Lee, Jr. in this case and from plaintiff's stipulations and its answers to defendant's interrogatories, cannot honestly be disputed.

These facts, as a matter of law, compel dismissal of the complaint with prejudice and an award to defendant of costs and attorneys' fees incurred in exposing the fraud.

Of course, an injunction "is an equitable remedy which need not be granted where the plaintiff lacks clean hands. 4 Callman, Unfair Competition and Trade-Marks, p. 1745 (2d Ed. 1950)" *Clairol Incorporated v. Gillette Company* 270 F. Supp. 371, 379 (E.D.N.Y. 1967); affirmed without discussion of this point 389 F.2d 264 (2 Cir. 1967).

As *Clairol* recognizes this rule applies to unfair competition and trademark cases.

In this case, the plaintiff's misconduct infects and is an integral part of the very complaint upon which the requested equitable relief is sought. The proper remedy in such circumstances is dismissal of the complaint with an award of costs and attorneys fees to the defendant. See *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 246; *Hazel Atlas Glass Co. v. Hartford Empire Co.*, 322 U.S. 238; *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.* 324 U.S. 806; *Mas v. Coca-Cola Co.*, 163 F.2d 505 (4 Cir. 1947).

Mas, 163 F.2d at 509, quotes *Precision's* holding that

"The guiding doctrine in this case is the equitable maxim that 'he who comes into equity must come with clean hands.' This maxim is far more than a mere banality. It is a self-imposed ordinance that closes the doors of a court of equity to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief, however improper may have been the behavior of the defendant. That doctrine is rooted in the historical concept of court of equity as a vehicle for affirmatively enforcing the requirements of conscience and good faith. This presupposes a refusal on its part to be 'the abetter of inequity.' *Bein v. Heath*, 6 How. 228, 247, 12 L.Ed. 416. Thus while 'equity does not demand that its suitors shall have led blameless lives,' *Loughran v. Loughran*, 292 U.S. 216, 229, 54 S.Ct. 684, 689, 78 L.Ed. 1219, as to other matters, it does require that they shall have acted fairly and without fraud or deceit as to the controversy in issue."

This guiding principle compels the dismissal defendant seeks in this case.

Since, moreover, the availability of equitable relief in trademark cases is a direct outgrowth of public policy

considerations, the application of the unclean hands doctrine to protect the public from litigants whose actions are tainted is of particular importance. As said in *A. Smith Bowman & Sons, Inc. v. Schenley Distillers, Inc.*, 190 F. Supp. 586, 588 (D. Del. 1961):

"A paternalistic protection of the public has traditionally been an independent purpose of equity in this field of litigation, not only between a plaintiff and a defendant but also between the litigants vis-a-vis the public. Such protection, in a reverse fashion, has been accomplished, in part, through the doctrine of unclean hands which courts have applied against a complaining plaintiff who seeks court protection of either his mark or an alleged good-will."

See also *Phi Delta Theta Fraternity v. J. A. Buchroeder & Co.*, 251 F. Supp. 968, 976-977 (W.D. Mo. 1966); *Fox Stanley Photo Products, Inc. v. Otaguro*, 339 F. Supp. 1293 (D. Mass. 1972).

The Court of Appeals of this Circuit has recognized that it is appropriate to award costs and attorneys' fees in connection with the dismissal of a complaint on the basis of unclean hands, most recently in *Kramer v. Duralite Co. Inc.* 514 F.2d 1076 (2 Cir. 1975).

Conclusion

Plaintiff's complaint should be dismissed with prejudice pursuant to Rule 56, for unclean hands, with costs and attorneys' fees to defendant.

**PLAINTIFF'S STATEMENT PURSUANT TO LOCAL
RULE 9(g) IN OPPOSITION TO DEFENDANT'S
STATEMENT OF MATERIAL FACTS**

Statement 1

Exhibit A is a true copy of the verified complaint by which the action was instituted on or about April 12, 1974.

Response to Statement 1

Admitted.

Statement 1.1

The verification of the Complaint (Exhibit A) appears as the last page thereof and it states

"H GORDEN [sic] PELTON, being duly sworn, deposes and says:

"I am President and Chief Executive Officer of Ceramco, Inc. the plaintiff herein. I have read the foregoing verified complaint and know the contents thereof to be true except for matters stated on information and belief and as to those matters I believe it to be true. The reason why this verification is made by deponent and not by the plaintiff herein is because the plaintiff is a corporation and I am an officer thereof.

/s/ H. Gorden [sic] Pelton"

Response to Statement 1.1

Admitted.

Statement 1.1.2

The complaint was allegedly verified before Thomas W. Towell, notary public, who as of April 11, 1974 was also one of counsel for plaintiff.

Response to Statement 1.1.2

Admitted.

Statement 2

Exhibit B is a true copy of an "Affidavit in Support of Order to Show Cause" filed concurrently with the complaint and verified on April 11, 1974 by the same H. Gordon Pelton who verified the complaint.

Response to Statement 2

Admitted.

Statement 2.1

H. Gordon Pelton allegedly swore to the aforesaid "Affidavit" before Thomas W. Towell, notary public, who as of April 11, 1974 was also one of counsel for plaintiff.

Response to Statement 2.1

Admitted.

Statement 3

The verified complaint, Exhibit A and the Pelton Affidavit, Exhibit B, were prepared by plaintiff's counsel, Mr. Towell, the notary public before whom Mr. Pelton signed both Exhibit A and Exhibit B.

Response to Statement 3

Denied. Mr. Towell was not solely responsible for the preparation of the verified complaint.

Statement 3.1

The following appears at page 115-116 of the deposition of H. Gordon Pelton taken July 2, 1974.

"Mr. Dobbins [plaintiff's counsel]:

"MR. DOBBINS: I instructed Mr. Towell to confer with Mr. Ryan and with Mr. Pelton and that Mr. Towell, in fact, drafted the complaint and Mr. Pelton's affidavit, based upon his investigation of the facts, and that—I have to check my diaries, but I'm fairly certain that I looked over the com-

plaint and the affidavit prior to its being submitted to Mr. Pelton." (Pelton Dep., p. 115, l. 20 - p. 116, l. 3).

Response to Statement 3.1

Admitted.

Statement 4

The following paragraph 12 appears in the complaint as verified by H. Gordon Pelton:

"12. Defendant's use of plaintiff's trademark GENIE *has caused* and is likely to cause *confusion* and mislead purchasers in the dental trade, and create the erroneous impression that defendant's product is either manufactured or sponsored by plaintiff, or is distributed and sold with the consent or authority of plaintiff, or that the parties are otherwise associated, affiliated or related. Defendant's unlawful acts will damage the reputation and goodwill of the plaintiff." (Emphasis added).

Response to Statement 4

Admitted.

Statement 4.1

The following averment contained in paragraph 12 of the verified complaint is false and was known by H. Gordon Pelton to be false when he swore in this April 11, 1974 verification of the complaint "I . . . know" such averment "to be true":

"Defendant's use of plaintiff's trademark GENIE *has caused . . . confusion . . .* in the dental trade . . .".

Response to Statement 4.1

Denied.

Statement 4.2

Specifically, in his deposition given in this cause on July 2, 1974 H. Gordon Pelton who verified the complaint testified:

"Q Have you ever received any reports of any kind from any customer concerning the fact that Lee Pharmaceuticals was marketing a Genie product?

A Not personally, no.

Q You say 'not personally.'

Do you have knowledge of any reports of that nature from any customer of Ceramco's?

A No, I don't.

Q At this point I'm asking you not only whether you have direct personal knowledge but whether you have derivative knowledge from somebody else.

A Not that I know of, no.

Q Have you ever heard any report, either personally or through some kind of hearsay, that any customer of yours had confused Gold Genie or Ceramic Metal Genie with Lee's Genie product?

A No." (Pelton Dep., p. 101, l. 18 - p. 102, l. 10)

Response to Statement 4.2

Admitted as substantially correct.

Statement 4.3

Mr. Pelton's Affidavit, Exhibit B hereof, further states:

"It is also clear that dentists, dental technicians and dental supply houses will all come under the erroneous impression that Lee's product sold under the fanciful and non-descriptive trademark GENIE emanates from or is connected with the same source that sells Corrective Compositions under the same fanciful mark."

Defendant's interrogatory 47 quotes verbatim this affidavit statement and then inquires.

"With respect to the quoted statement"

* * * *

"(f) Identify each dentist, dental technician or dental supply house who has to the present date expressed to any Ceramco representative a belief or impression that Lee's orthodontic bracket adhesive emanates from the same source as Ceramco's noble metal containing compositions for patching and repairing gold crowns and bridges, and include in the answer an identification of each communication in which such a statement was made. Where the communication was oral, plaintiff is requested to give the names of the individuals who were party to the communication, the date of the communication, the place, a statement as to whether it was made personally or by telephone, and the substance of what was said. If the communication was written, plaintiff is requested to identify each pertinent writing fully."

Plaintiff's answer verified July 8, 1974 is:

"(f) At this date, none."

Response to Statement 4.3

Admitted.

Statement 5

The following paragraph 15 appears in the complaint as verified by H. Gorden [sic] Pelton:

"15. By reason of the foregoing acts, defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of

business also deprives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43 (a) of the Trademark Act of 1946, 15 U.S.C. § 1125 (a)." (Emphasis added).

Response to Statement 5

Admitted.

Statement 5.1

At least the underlined averments contained in Paragraph 15 of the verified complaint are now false and were false when the verified complaint in this action was filed on April 12, 1974.

Response to Statement 5.1

Denied.

Statement 5.1.1

As to at least the underlined averments contained in paragraph 15 of the complaint, H. Gordon Pelton had no knowledge of any facts supporting said averments and therefore knowingly swore falsely in his April 11, 1974 verification of the complaint that "I . . . know . . ." such averments "to be true".

Response to Statement 5.1.1

Denied.

Statement 5.2

Specifically, in his deposition taken in July 3, 1974 in this cause H. Gordon Pelton testified

"Q Did you ever acquire any information of any kind from any source prior to the filing of the complaint in this action to the effect that Lee Pharmaceuticals had ever heard of the products Gold Genie, Ceramic Metal Genie or Fiber Metal Genie or CM

Genie before receiving Mr. Ryan's letter, which is Exhibit 205?

"A No." (Pelton Dep., p. 206, ll. 17-23).

Response to Statement 5.2

Admitted.

Statement 5.2.1

The "letter, which is Exhibit 205" mentioned in fact 5.2 is dated January 16, 1974.

Response to Statement 5.2.1

Admitted.

Statement 5.3

Specifically, in his deposition taken on July 3, 1974 in this cause H. Gordon Pelton testified:

"Q What information did you have at the time that you signed the affidavit that Lee had misappropriated the trademark Genie?

"MR. DOBBINS: In connection with—finish the sentence so the record is completed. "Misappropriated the trademark Genie in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets."

"A I've already told you how I discovered it and where the information came from.

"Q Well, what I'm interested in, Mr. Pelton, is the word misappropriated. What information did you have as to Lee's intent in utilizing the name Genie on its orthodontic bracket adhesive?

"A You are, once again, getting into this bit about semantics and so on. I looked when I signed this affidavit at the term misappropriated as being a legal term that was being used in connection with this lawsuit and so when you ask me what information did I have as to Lee's intent, the information

is I had no information to his intent. (Emphasis added). (Pelton's Dep., p. 251, l. 19 - p. 253, l. 5)

Response to Statement 5.3

Admitted.

Statement 5.3.2

Because, on April 11, 1974 when he verified the complaint, H. Gordon Pelton "had no information [as] to [Lee's] intent" his sworn statement of the same date in verification of the complaint that "I . . . know" it "to be true" that Lee acted with the "intent" alleged in the paragraph 15 of the complaint was false and known to be false by H. Gordon Pelton when he swore to it.

Response to Statement 5.3.2

Denied.

Statement 5.4

Exhibit C thereof is a true copy of an affidavit of Henry L. Lee, Jr., President of Lee Pharmaceuticals verified May 28, 1974 and marked (i) as Ceramco Exhibit 1057 on De. Lee's deposition taken by Ceramco in California June 19 and 20, 1974, and (ii) as Lee Exhibit 233 on the deposition of H. Gordon Pelton on July 10, 1974.

Response to Statement 5.4

Admitted.

Statement 5.4.1

Paragraphs 1, 2, 3, 4 and 5 of the Lee affidavit state:

"3. The adoption of the mark 'GENIE' for the product in question was made innocently and in good faith as evidenced by the following facts:

(a) The mark was adopted by Lee Pharmaceuticals only after two separate investigations of the

registered United States trademarks of record in the United States Patent Office were conducted at my request by Lee Pharmaceuticals counsel, Irons, Sears & Santorelli, which investigations revealed no conflicting marks and, specifically, did not reveal any information concerning plaintiff, Ceramco, Inc., or its product or its alleged trademarks in issue in this litigation.

(b) At the time the decision was made to adopt the trademark 'GENIE' for the orthodontic bracket adhesive product of Lee Pharmaceuticals, I had no knowledge of the product or the alleged trademarks of plaintiff, Ceramco, Inc., involved in this litigation or of a similar product as alleged by plaintiff to have been previously sold by Culver Laboratories, Inc. and or the Wilkinson Company; specifically, I had no knowledge of any use of the trademarks 'GOLD GENIE', 'CERAMIC METAL GENIE' or 'FIBER GENIE' or any other trademark including the word 'GENIE' alone or in combination with other words by the plaintiff, Ceramco, Inc., or by its alleged predecessors in interest at any time on any product.

4. Since the adoption of the 'GENIE' trademark for the orthodontic bracket adhesive product of Lee Pharmaceuticals, Lee has spent substantial time and money and effort in the merchandising of said product in association with said 'GENIE' trademark and will be seriously prejudiced and damaged if required to discontinue such practice.

5. I have read the affidavit of H. Gordon Pelton, President of Ceramco, Inc., filed in support of the application for Motion to Show Cause in this action, and I have read the complaint verified by Mr. Pelton. With respect to these verified representations, I state:

(a) In his affidavit, Mr. Pelton swears that defendant Lee Pharmaceuticals:

'Has misappropriated the trademark 'GENIE' in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets.' (p. 4)

The fact is that, as noted supra in paragraph 3, defendant Lee Pharmaceuticals innocently and in good faith, after two careful investigations by its counsel of existing trademark registrations in the United States Patent Office adopted the mark 'GENIE' for its orthodontic bracket adhesive product and did so in total ignorance of the plaintiff's involved product or of the allegedly similar product of its predecessors, Culver Laboratories, Inc. and the Wilkinson Company, or of plaintiff's or its predecessors alleged trademarks involved in this action. It follows that affiant Pelton's sworn statement that defendant has 'misappropriated'—i.e., wrongfully taken without permission—the trademark 'GENIE' is not correct. (Emphasis added)

(b) Paragraphs 11 and 15 of the complaint verified by affiant Pelton state:

'11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field.'

'15. By reason of the foregoing acts, defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of

origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also deprives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a).' Contrary to these verifications by plaintiff's president, defendant's adoption and use of the trademark GENIE (i) was in total ignorance of plaintiff's use of any trademark including the word GENIE and, specifically, was not 'with full knowledge of plaintiff's use' of any such trademark, (ii) defendant's adoption and use of the trademark GENIE was without any knowledge of the alleged fact that plaintiff 'is identified in the field as the seller of a high quality dental product under the trademark GENIE'. (iii) defendant's adoption and use of the trademark GENIE was not 'with the intent of misleading purchasers and with the purpose of appropriating to itself the [alleged] goodwill developed by plaintiff in the dental product field' and (iv) affiant has no knowledge that plaintiff 'is identified in the field as the seller of a high quality dental product under the trademark GENIE' and believes that plaintiff is not so identified at all."

Response to Statement 5.4.1

Admitted.

Statement 5.4.2

Plaintiff Ceramco's counsel did not interrogate Dr. Lee at his deposition on any of these paragraphs although Dr. Lee was interrogated concerning a different portion of his affidavit.

Response to Statement 5.4.2

Admitted.

Statement 5.4.3

Exhibit D is a copy of p. 157, l. 10 to p. 161, l. 11 of the Lee deposition taken by plaintiff's counsel, which includes all of that counsel's interrogation concerning the affidavit.

Response to Statement 5.4.3

Admitted as substantially correct.

Statement 5.4.3.1

Exhibit E, is a copy of the pertinent portion of the Pelton deposition, to wit, p. 412, l. 22 to p. 414, l. 20 and p. 417, l. 14 to p. 421, l. 22.

Response to Statement 5.4.3.1

Admits that Exhibit E is a copy of a portion of the Pelton deposition.

Statement 5.4.3.2

Plaintiff's counsel did not cross-examine H. Gordon Pelton as to the testimony contained in Exhibit E.

Response to Statement 5.4.3.2

Admitted.

Statement 5.4.3.3

In view of his testimony as stated in fact 5.4.3.—i.e. that he had no knowledge inconsistent with paragraph 3 and the underlined portion of Paragraph 5 of the Lee

affidavit, Mr. Gordon Pelton swore falsely at least as to the underlined averments of Paragraph 15 of the complaint as reproduced in fact 5 in his April 11, 1974 verification of the complaint "I . . . know" such averments "to be true". See Fact 5.1.1.

Response to Statement 5.4.3.3

Denied.

Statement 5.5

In his deposition taken by defendant's counsel, H. Gordon Pelton was instructed by plaintiff's counsel Mr. Dobbins not to answer the following question:

"Q I now hand you the same [Lee] affidavit open to page 5 and I will ask you whether you have knowledge of any facts inconsistent with what is stated there."

"MR. DOBBINS: I am going to direct him not to answer that. That's all legal conclusions. I will point out that the record should be clear that Mr. Lee was put on notice of our claim of alleged infringement a couple of months before the suit, so it seems to me self-evident that he had knowledge of our claim of infringement prior to the bringing of the suit." (Pelton Dep., p. 421, ll. 12-22)

Response to Statement 5.5

Admitted.

Statement 6

Paragraph 11 of the complaint verified by H. Gordon Pelton states:

"11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defend-

ant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field."

Response to Statement 6

Admitted.

Statement 6.1

In his April 11, 1974 sworn verification of the complaint H. Gordon Pelton states that he has "read" paragraph 11 of the complaint and that as to "matters stated on information and belief . . . I believe it to be true."

Response to Statement 6.1

Admitted.

Statement 6.1.1

At the time the complaint was verified on April 11, 1974 H. Gordon Pelton had no basis for his sworn statement that he then believed paragraph 11 of the complaint "to be true":

Response to Statement 6.1.1

Denied.

Statement 6.2.2

In fact, as of April 11, 1974 H. Gordon Pelton has no knowledge of "intent" of the defendant as alleged in paragraph 11 or of any facts which would support a belief that "defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE";

Response to Statement 6.2.2

Denied.

Statement 6.2.3

Specifically, H. Gordon Pelton testified in his deposi-

tion taken in this cause on July 3, 1974 "when you ask me what information did I have as to Lee's intent, the information is I had no information as to his intent" See Fact 5.3.

Response to Statement 6.2.3

Admitted as substantially correct.

Statement 6.2.3.1

H. Gordon Pelton's verification of Paragraph 11 of the complaint was false and known by H. Gordon Pelton to be false at the time he swore to it.

Response to Statement 6.2.3.1

Denied.

Statement 6.2.3.2

The factual statements set forth in Paragraph 11 of the complaint are in fact false. See Facts 5.4.1 (especially Paragraph 5(b) of the Lee affidavit); 5.4.2; 5.4.3; 5.4.3.1 and 5.4.3.2.

Response of Statement 6.2.3.2

Denied.

Statement 7

The verified complaint contains several references to the alleged use of the word "GENIE" alone as a trademark by plaintiff's predecessors in interest, Culver and Wilkinson, see, *e.g.* paragraphs 7, 8, 9, 11, 12, 13 and 15.

"7. The corrective composition has been continually used and sold in interstate commerce under the trademark GENIE used *alone* or in combination . . . since 1968."

"9. Through continuous use and advertising of the trademark GENIE *alone* and in combination"

Response to Statement 7

Admitted as substantially correct.

Statement 7.1

At least paragraphs 12 and 13 expressly refer to "plaintiff's trademark GENIE."

Response to Statement 7.1

Admitted.

Statement 7.2

In fact, *neither* plaintiff nor its predecessors, prior to the institution of this litigation on April 11, 1974 ever used the word "GENIE" *alone* as a trademark for any product.

Response to Statement 7.2

Denied. The words "gold" and "ceramic metal" are descriptive words. The word "GENIE" is the arbitrary, fanciful portion of plaintiff's mark and any other words used in conjunction with the word "GENIE" are not material to the issues herein.

Statement 7.2.1

Defendant's interrogatory 4(b) and Ceramco's answer thereto are as follows?:

"4 . . .

(b) Has Ceramco at any time since April 1973 utilized the name 'genie' alone to identify any product sold by it?

ANSWER TO INT. 4(b) 'No'. April 1973 is the date at which Ceramco allegedly acquired the 'gold genie' and 'Ceramic Metal genie' marks."

Response to Statement 7.2.1

Denied. Plaintiff's answer to interrogatory 4(b) is nothing more than the word "No".

Statement 8

The verified complaint in paragraph 9 alleges that

"9. Through the continuous use and advertising of the trademark GENIE, alone or in combination, the mark has come to identify and is understood to identify, throughout the United States, plaintiff's product only and the word GENIE constitutes a trademark and marketing concept by which the goods of plaintiff are distinguished from other goods in the dental field. As a result, said trademark has acquired and now possesses an exceedingly good and valuable reputation and has become an exceedingly valuable and well-known symbol of plaintiff's goodwill."

Response to Statement 8

Admitted.

Statement 8.1

The following appears in the July 10, 1974 transcript of the deposition of H. Gordon Pelton:

"Q Do you know of anyone outside Ceramco and also outside Culver Laboratories in [sic and] Wilkinson Company who associated the name Genie alone with Ceramco prior to the first Ceramco sale of Gold Genie or Ceramic Metal Genie some time in about October 1973?

"THE WITNESS. Can you repeat that question, please.

(The question was read.)

"A I'm sorry. Would you explain that question to me?

"MR. DOBBINS: We will stipulate, to save time, no. I understand the question now. It's a tough question to understand but no, the answer is no. We don't have any knowledge of that.

"MISS SEARS: You will stipulate Ceramco has no such knowledge?

"MR. DOBBINS: Right.

"MISS SEARS: All right, that saves a great deal of time. I will accept that stipulation. And I will simply ask you, to save time, Mr. Dobbins, will you make the same stipulation if I substitute the words Gold Genie, Ceramic Metal Genie or Fiber Metal Genie for Genie alone in what I asked him?

"MR. DOBBINS: The same stipulation.

"Q Can you name any individual anywhere outside Ceramco, Johnson & Johnson, Culver Laboratories and Wilkinson, who has expressed satisfaction with the product Gold Genie since it has been marketed by Ceramco?

"A No.

"Q Would your answer be the same with respect to Ceramic Metal Genie?

"A Yes.

Response to Statement 8.1

Admitted.

Statement 8.2

Paragraph 10 of the verified complaint acknowledges that defendant's application to register Genie for an orthodontic bracket adhesive stated a date of May 23, 1973 as the date of first use by Lee, approximately five months before anyone outside Ceramco and its alleged predecessors Culver and Wilkinson associated or identified the word "Genie" with any goods of plaintiff.

Response to Statement 8.2

Denied.

Statement 8.3

The factual statements set forth in paragraph 9 of the verified complaint are misleading and fraudulent in that they fail to reveal that such trade identification between Ceramco and "the word Genie" as may exist necessarily occurred after defendant had commenced dis-

tributing its Genie orthodontic bracket adhesive. These factual statements were known by plaintiff and its counsel to be misleading and fraudulent as of April 12, 1974 when the complaint was filed.

Response to Statement 8.3

Denied.

Statement 9

The false statements which appear in the verified complaint, Exhibit A and the false verification of the complaint was suborned by plaintiff's counsel, who purportedly investigated the facts and prepared the verified complaint, Exhibit A and the Pelton affidavit, Exhibit B.

Response to Statement 9

Denied.

Statement 9.1

The plaintiff's counsel who suborned the false swearing include Thomas Towell, Michael J. Ryan and Davis W. Dobbins.

Response to Statement 9.1

Denied.

Statement 9.2

Plaintiff's counsel obstructed interrogation of H. Gordon Pelton which is relevant to the manner in which the false swearing was suborned.

Response to Statement 9.2

Denied.

Statement 9.3

Plaintiff's counsel Mr. David W. Dobbins instructed H. Gordon Pelton not to answer a question posed on his

deposition taken July 2, 1974 with respect to how much time he spent reading the verified complaint and the accompanying affidavit before he executed such documents.

Response to Statement 9.3

Admitted.

Statement 9.3.1

The following appears at page 402 at the deposition of H. Gordon Pelton taken July 10, 1975 in this cause:

"Q Mr. Pelton, you have given testimony by both an affidavit and another document constituting a verified complaint which you swore to just prior to the commencement of this litigation.

"Can you tell me at this time approximately how much time you spent reading those documents before you executed them.

"MR. DOBBINS: *I am going to object and instruct him not to answer.* You've been through the verified complaint and affidavit ad nauseum in the last two sessions. *I'm not going to permit any further questioning on that.*

"Q For the record, Mr. Pelton, I assume that it's still the fact that you will follow any instruction that Mr. Dobbins gives in that regard?

"A He's my counsel.

"Q So the answer is yes, that you will follow—

"A Yes." (Pelton Dep., p. 402, l. 20-p. 403, l. 13)

Response to Statement 9.3.1

Admitted.

Statement 9.3.2

Fact 5.5 reflects an additional instruction by plaintiff's counsel David W. Dobbins to H. Gordon Pelton not to answer interrogation relevant to the *bona fides* of the verified complaint.

Response to Statement 9.3.2

Admitted.

Statement 9.3.3

The depositions of Thomas W. Towell, Jr. and Michael J. Ryan, Jr. were taken by defendant on November 24, 1975 and opportunity was afforded these lawyers for plaintiff to explain or justify the false and misleading averments of the verified complaint. The deposition transcripts, Exhibits F and G, respectively, reflect that these lawyer witnesses were instructed by plaintiff's counsel James W. Paul not to answer questions relating to the *bona fides* of the verified complaint.

Response to Statement 9.3.3

Denied.

/s/ ROGERS & WELLS

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO
DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

Preliminary Statement

Defendant Lee's latest attempt to derail the orderly course to trial of this action is the filing of a motion for summary judgment based upon what Lee claims are false allegations in the verified complaint. The verified complaint was filed in April 1974 in conjunction with plaintiff's motion for a preliminary injunction.

Most of the statements in defendant's lengthy and prolix statement pursuant to local Rule 9(g) have been admitted by Ceramco inasmuch as they are statements made of record in this action. Ceramco denies the conclusions, based upon these admitted facts, which Lee's counsel draws from those admitted facts in order to give some semblance of reality to their claims. In fact, defendant's motion is nothing more than a further attempt by it to bring to the Court its numerous and equally unsubstantiable claims of the lack of *bona fides* in the institution of this action.

Plaintiff moved this Court for an order striking such allegations of the affirmative defense and counterclaim filed by defendant which put forth claims of bad faith and again urges the Court today to end defendant's continued reliance on any such spurious claims in this action. Claims of lack of *bona fides* and bad faith in the institution of this action are not only untrue but irrelevant and premature as well and should thus be stricken. *Rosemont Enterprises, Inc. v. Random House, Inc.*, 261 F. Supp. 691 (S.D.N.Y. 1966); *Bercy Industries, Inc. v. Mechanical Mirror Works, Inc.*, 270 F. Supp. 429 (S.D.N.Y. 1968); *Knapp Engraving Co. v. Keystone Photo Engraving Corp.*, 1 App.Div.2d 170 (1st Dep't 1956); and *Friedman v. Roseth Corp.*, 190 Misc. 742 (Sup. Ct. N.Y. Co. 1947), *modified on other grounds*, 273 App. Div. 755 (1st Dep't 1947).

The Verified Complaint

Defendant's motion for summary judgment is based upon its interpretation of four distinct portions of the verified complaint and other statements related thereto. A simple reading of each of these sections, set forth *seriatim* below, will reveal the utter disingenuousness of defendant's claims of inaccuracy and false pleading.

I

"12. Defendant's use of plaintiff's trademark GENIE has caused and is likely to cause confusion and mislead purchasers in the dental trade, and create the erroneous impression that defendant's product is either manufactured or sponsored by plaintiff, or is distributed and sold with the consent or authority of plaintiff, or that the parties are otherwise associated, affiliated or related. Defendant's unlawful acts will damage the reputation and goodwill of the plaintiff."

This paragraph of the complaint states a simple legal conclusion based upon facts previously alleged: that plaintiff and defendant distribute products with identical names to persons in the same general dental field. It is black-letter law that infringement takes place when a person adopts another's mark and there is likelihood of confusion as to the source of origin of the infringing goods. Because the marks are identical, and the products they identify are sold within the same general dental field, confusion in the minds of potential customers can be inferred. Proof of actual confusion is unnecessary; confusing similarity is all that is required. *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 307 F.2d 495 (2d Cir. 1962); *David P. Findlay, Inc. v. Walstein C. Findlay*, 18 N.Y.2d 12 (1966), *cert. denied*, 385 U.S. 930. Under the circumstances, the assertion that no proof of actual confusion exists is not only immaterial but hardly surprising.

Furthermore, if defendant's proposition were true, it would be impossible for any party to put forward any verified claim for relief based upon a stated application of facts to law. It is axiomatic that until some judge or jury agreed with such stated application, the legal conclusion is not fact but a mere proposition.

II

"15. By reason of the foregoing acts, defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also deprives plaintiff of sales and profit which it would otherwise have made, and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a)."

Paragraph 15 of the complaint also contains a legal conclusion, another simple application of the facts to the law. In addition, it is clear that as early as January, 1974, some three months prior to the filing of the complaint, defendant was put on notice by letter from plaintiff's counsel dated January 16, 1974 that the sale of its product was infringing on plaintiff's trademark. That notice of plaintiff's claim was given to defendant prior to the filing of suit and is set forth in paragraph 14 of the complaint, a fact which defendant has repeatedly acknowledged. Thereafter, defendant continued to sell its product under the name GENIE and continues to sell it to this day as is admitted in its answer. Under the

circumstances, nothing contained in paragraph 15 is in any way untrue. It is also clear that Mr. Pelton viewed that paragraph as containing nothing but legal conclusion (see ¶ 5.3 of the defendant's Rule 9(g) statement).

III

"11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field."

This paragraph, sworn to only on information and belief, is nothing more than a statement that upon all the surrounding facts and circumstances it can be inferred that defendant's adoption of the offending trademark was with knowledge, actual or constructive, of the existing mark either in plaintiff or plaintiff's predecessors. Plaintiff may well sustain the burden of proof that defendant should have had knowledge of plaintiff's GENIE under the circumstances of its promotion, defendant's knowledge of the industry, etc. Such intent would be inferred, as a matter of law, if the proper showing were made.

In any event, knowledge or intent to infringe is not necessary to a finding of infringement or to the granting of relief prayed for by plaintiff. Plaintiff, moreover, will not attempt to prove actual intent at trial.

Mr. Pelton viewed the allegation of defendant's intent as also stating a legal conclusion. The transcript of his deposition, a portion of which is contained in paragraph 5.3 of the plaintiff's Rule 9(g) statement, so indicates.

IV

"7. The corrective composition has been continually used and sold in interstate commerce under the trademark GENIE (used alone or in combination as aforesaid) since 1968.

* * *

"9. Through the continuous use and advertising of the trademark GENIE, alone or in combination, the mark has come to identify and is understood to identify, throughout the United States, plaintiff's product only and the word GENIE constitutes a trademark and marketing concept by which the goods of plaintiff are distinguished from other goods in the dental field. As a result said trademark has acquired and now possesses an exceedingly good and valuable reputation and has become an exceedingly valuable and well-known symbol of plaintiff's good will."

Defendant apparently does not dispute the fact that the name GENIE is used in combination with some other descriptive words to describe plaintiff's product. As such, the statement in paragraph 7, phrased in the alternative as it is, is absolutely true and without need of any explanation. It is also clear that plaintiff or its predecessor have used the word GENIE alone to describe its products and to advertise them. Copies of such advertisements have been supplied to defendant.

With respect to Ceramco's answer to defendant's interrogatory 4(b), it is true that none of plaintiff's packaging carrying the name of the products uses the word GENIE alone. It is clear, however, that plaintiff's predecessors and plaintiff (by itself and in its advertisements) refer to the GENIE products not as "GOLD GENIE" or "Ceramic Metal GENIE" but simply by the generic name "GENIE". Examples of the use of the name GENIE alone in this fashion are contained in an exhibit ["Ceramco Offers Gold Genie"] annexed to the

affidavit of Gordon Pelton and attached to defendant's Rule 9(g) statement. See also, for example, the sworn testimony of Harold Culver, at page 35 of his deposition, filed with this Court.

Defendant's Legal Argument

Because of the position taken above with respect to defendant's statement of material facts, it is irrelevant whether or not the cases as cited by Lee in its memorandum are apposite or not. In fact, they would not support the relief requested even if Lee's conclusions, as they appear in its statement of material facts, were accurate. The cases cited by Lee will only support the relief requested if the subject matter as to which it is claimed unclean hands exist is the same subject matter as the suit in question. Here, Lee claims that Ceramco's president swore falsely in a verification and an affidavit. Even if true, that fact would have nothing to do with the validity of Ceramco's trademark infringement action involving two dental products known as GENIE. If there should be any doubt in the mind of the Court as to this limitation on the equitable doctrine cited by defendant, plaintiff requests additional time to supply the Court with further legal authorities.

TRANSCRIPT OF ORAL HEARING

United States Courthouse
Brooklyn, New York
December 5, 1975
10:00 o'clock A.M.

Before:

HONORABLE JACOB MISHLER, Chief U.S.D.J.

/s/ Robert Bradley
ROBERT BRADLEY
Acting Official Court Reporter

[p. 2] Appearances:

MESSRS. ROGERS & WELLS
Attorneys for Plaintiff
200 Park Avenue
New York, N.Y. 10017

BY: JAMES W. PAUL, ESQ.
Of Counsel

—and—

MICHAEL J. RYAN, JR., ESQ.
Attorney for Plaintiff
501 George St.
New Brunswick, New Jersey

MESSRS. IRONS & SEARS
1801 K Street, Northwest
Washington, D.C., 20006
Attorneys for Defendant

BY: MARY HELEN SEARS, ESQ.
Of Counsel

—and—

A. J. DE MARCO, ESQ.
Of Counsel

[p. 3] THE CLERK: Ceramco, Inc. v. Lee Pharmaceuticals.

THE COURT: Whose motion is this?

MR. PAUL: Defendant's.

MS. SEARS: I believe we are here today simply to get this matter set over to another date.

THE COURT: What is the motion for?

MR. PAUL: Summary judgment, your Honor. If I may address the Court for a moment, we have submitted our ruling [sic] 9G statement in response to their statement of material [sic facts]. Last night, last night I was able to submit, or to serve on defendant a copy of a memorandum in opposition, and I haven't had a chance to file that as yet. I believe this motion is so frivolous and unfounded that further briefing on the part of the Plaintiff is unnecessary.

However, if your Honor feels that we need any further legal authority I would request permission to be given time to submit them. Frankly, we were not given the ten days to respond to this motion and not only that, I was notified on Wednesday that the papers in the mandamus proceeding in the Second Circuit was due by today. Quite frankly, I was quite pressed to get those out.

THE COURT: Did you get a copy of the supplemental petition?

[p. 4] MR. PAUL: Yes.

MR. DE MARCO: Your Honor, insofar as counsel's statement concerning the inadequacy of the timely motion—

THE COURT: When do you want? When is the adjournment date?

MR. DE MARCO: Well, we would request the 19th.

THE COURT: I can't allow that. This case is supposed to be on trial for December 15th.

MR. SEARS: Opposing counsel—

THE COURT: How many lawyers do we have on each side?

MR. DE MARCO: Two.

THE COURT: Then I will hear one at a time. Who is going to speak?

MR. DE MARCO: Then I will let Mary Helen speak. But I will submit to the Court that we are here at the instance of Plaintiffs.

THE COURT: Who wants the adjournment?

MR. PAUL: I do.

THE COURT: On what basis?

MR. PAUL: Mr. Dobbin [sic] is on trial in the Bronx. He commenced an action up there in which he was in the middle of his trial and there was a mistrial which was granted on opposition's counsel's improper [p. 5] statement to the jury and they had to pick another jury and commence the trial again. He told me that he would not be free probably until Christmas.

THE COURT: Isn't there someone else in our office who could try the case?

MR. PAUL: Mr. Dobbin, first of all, has been the only counsel involved in this case from the beginning. And he is the trial counsel in this matter.

THE COURT: I am advising the parties that if this case does not start on the 15th, I don't know when it will start.

MR. PAUL: I have tried to emphasize that this is a motion for injunction, and normally—

THE COURT: If you are not serious about the motion for preliminary injunction, withdraw it.

MR. PAUL: We are serious.

MS. SEARS: There is no grounds for preliminary injunction in this case. It was more than a year ago that the preliminary injunction was consolidated with the trial on the merits by Judge Costantino. And particularly on May 31, 1974—

THE COURT: Do you know why it was consolidated? Do you know why we consolidate cases?

MS. SEARS: I know why Judge Costantino did it.

THE COURT: The reason is not to delay the [p. 6] action on the preliminaries, but rather to decide it at one time. The mere fact that this was consolidated for the purpose of judicial economy does not mean that the motion for preliminary injunction does not get the same attention as if it were not heard.

MS. SEARS: Your Honor, substantial events have shown that there is absolutely no grounds in this case for preliminary injunction. We are entitled to a fair trial.

THE COURT: You will get a fair trial. All you want to make sure is that the parties want a trial, and any trial in this court means a fair trial. I intend to keep this on the 15th, and I won't permit any motions to go beyond the 15th. They are going to be decided.

Now, who made the motion? You did, for summary judgment?

MR. PAUL: Yes.

THE COURT: And your papers have been submitted.

MS. SEARS: But we have a right to a reply brief, and I would like leave to file it on Monday.

THE COURT: You will file a reply brief on Monday.

MS. SEARS: Yes.

THE COURT: What kind of case is Mr. Dobbin [sic] [p. 7] trying and where?

MR. PAUL: A contraceptive case pending in the Supreme Court in the Bronx County.

THE COURT: Is it a jury, or non-jury case?

MR. PAUL: It is a jury case.

THE COURT: And the case started when?

MR. RYAN: I believe it started maybe ten days ago.

MR. PAUL: The first trial was before the first jury and it started about ten days ago. But there was a mistrial.

THE COURT: I am talking about the second trial. When did it start?

MR. PAUL: About five days ago. Plaintiff so far is on the stand, has not gotten to the middle of its case yet.

I might add, there is pending today a motion by the defendant to stay everything depending determination by the Second Circuit.

THE COURT: I can deal with that. That is my problem and I expect the Second Circuit will come down with a decision before the 15th. And if that be decided I expect Plaintiff to be ready to go to trial. Rogers & Wells have a number of trial lawyers?

MR. PAUL: I submit that Mr. Dobbin [sic] is the only [p. 8] qualified one to try this case.

THE COURT: All right. I will see what happens this week. He is trying it before what Judge?

MR. PAUL: I don't know who the judge is. I don't know the name of the judge.

THE COURT: The title of the case is what?

MR. PAUL: M-o-r-r-e-r-o v. Arthro Pharmaceuticals.

THE COURT: You will put that in an affidavit.

MR. PAUL: I sent a letter which I stated the case is Morrero v. Arthro Pharmaceuticals.

THE COURT: When did you last check with Mr. Dobbin?

MR. PAUL: Late last night, but there was difficulty in an evidentiary question that had come up, and he advised me that he thought he would not be free for Christmas. That is how he described the situation to me.

THE COURT: Well, I may not be ready for months if you miss this date that is set down. You have been sitting here and you have some idea what my calendar sounds like. Well, I am going to check back with the parties on Wednesday or Thursday of next week. If it is a matter of delaying it a day or two [p. 9] I don't mind. But if it is more than that I will have to have a look at it. All papers on motion for summary judg-

ment to be submitted by Monday afternoon. I am saying that the trial of this action, unless there is a stay by the Court of Appeals, or unless they hold that this is a jury trial, if this is a jury trial I can't start it on the 15th.

MR. RYAN: Just to clarify one thing for the record, they have a motion, is it to stay pending the decision of the Court of Appeals?

THE COURT: The motion is denied.

* * * *

**DEFENDANT'S REPLY MEMORANDUM IN SUPPORT
OF MOTION FOR SUMMARY JUDGMENT**

Preliminary Statement

Lee's Summary Judgment Motion is in furtherance of the Ninth Affirmative Defense which alleges *inter alia*

"29. Plaintiff, Ceramco, Inc., comes before the Court with unclean hands and is therefore barred from relief in equity, including without limitation, from any and all preliminary or permanent injunctive relief of any kind; said unclean hands being consequent from the following acts, among others:

"(a) The filing and reliance by the plaintiff upon the verified complaint in this action which includes sworn allegations that are false or which deceptively state less than the whole truth all as known, at the time the complaint was verified, filed and served, to plaintiff Ceramco, Inc., its chief executive, H. Gordon Pelton, who verified the complaint, its counsel and its corporate parent Johnson & Johnson, Inc."

Lee's local Rule 9(g) statement demonstrates that the verified complaint in fact contains a plurality of false allegations which Mr. Pelton who swore to the complaint and the counsel who prepared it and who acted as the notary before whom it was sworn both knew to be false at the time of the verification. No "specific facts" allegedly evidencing the contrary have been advanced by the plaintiff either under Rule 9(g), by affidavit or by any other form of admissible evidence. There is accordingly no disputed material fact issue under Rule 56(e).

The verified complaint was used, by the same counsel, in support of the plaintiff's motion for preliminary injunction and to induce Judge Dooling to issue an order requiring the plaintiff to show cause why the preliminary injunction should not be granted. The perjurious verified

complaint is still relied upon as its sole basis for relief in this case.

By the filing of the perjurious verified complaint and continued reliance upon it to induce the issuance of process, the plaintiff has committed and is now committing a fraud upon the Court and upon the defendant. Its hands are unclean.

The plaintiff now seeks only equitable relief, to wit an injunction.

Injunctions, including preliminary injunctions in trademark cases, being equitable remedies, are not granted when the plaintiff lacks clean hands. *Clairol Incorporated v. Gillette Co.*, 270 F.Supp. 371 (E.D.N.Y. 1967). Because the plaintiff has unclean hands, its complaint must be dismissed with an award of costs and attorney's fees to the defendant.¹

The case for dismissal is particularly strong because the plaintiff's denials of various Lee's Rule 9(g) statements are demonstrably spurious.² These "denials" are not advanced in good faith. If plaintiff was in a position to honestly counter any of Lee's Rule 9(g) statements by "specific facts showing there is a genuine issue for

¹ The statement that "Plaintiff moved this court for an order striking such allegations of the affirmative defense" (Memo. p. 2) is false. No such motion was ever filed.

Moreover, the plaintiff's motion to strike certain specific allegations from the counterclaim was *denied*. The denial was entirely proper. None of the cases cited at p. 2 of plaintiff's memo are concerned with unclean hands as a defense to an equity claim. No case precludes or requires deferment of such an unclean hands defense, once the wrongdoing is exposed. Indeed the case [sic law] consistently holds that the equity court should *not* grant relief to, or even entertain the plea of, a party whose hands are unclean.

² Exhibit A hereof demonstrates the spurious nature of the denials of Lee's Rule 9(g) facts 3, 9, 9.1 and 9.3.3.

The remainder of the denials are treated in the text of this memorandum.

trial" pursuant to Rule 56(e), presumably it would have done so. Because plaintiff has no such "specific facts" it has been forced to resort to spurious denials of Lee's facts and to spurious lawyer's arguments in its brief.

No Undisputed Material Fact.

The plaintiff has admitted most of the Lee local Rule 9(g) statements. Those not "admitted" are simply "denied". The plaintiff has *not* presented any statement of material facts of its own under local Rule 9(g) or otherwise presented any "specific facts showing that there is a genuine issue for trial" as required by Rule 56(e).

Nor do the plaintiff's mere "denials" of defendant's facts create such an issue. In a like situation, Judge Neaher of this Court, in granting summary judgment in *Kruh v. General Services Administration*, 64 F.R.D. 1 (1974), recently held that:

"Plaintiff has also asserted that a genuine issue exists as to whether all applicable procedures of the executive reviewing process have been substantially observed and complied with. Plaintiff's General Rule 9(g) Statement, ¶¶ 1-3. However, this bare statement is not otherwise supported and is insufficient to prevent summary judgment. Under Rule 56, F.R.Civ.P., *plaintiff is required to come forward with documentary evidence to support a fact believed to be in material dispute.*"

In this ruling, Judge Neaher was guided by the Second Circuit's teaching in *Donnelly v. Guron*, 467 F.2d 290, 293 (1970):

"Rule 56(c) provides that summary judgment 'shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact'. Mrs. Donnelly argues that her affidavit indicated

a genuine issue of material fact as to whether the cause of David's death was obscure. Although the portions of the affidavits referred to above do reveal a difference of opinion among the parties, *the rule required that the opposing party present some evidence which supports the bald assertion that there is a dispute.* The concluding two sentences of Rule 56(e), added in 1963, specify that "[w]hen a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of his pleading, but his response . . . must set forth specific facts showing that there is a genuine issue for trial. If he does not so respond, summary judgment, if appropriate, shall be entered against him." *This clarifying amendment merely expresses the standard always applied in this Circuit that "[w]hen a party presents evidence on which, taken by itself, it would be entitled to a direct verdict . . . it rests upon [the opposing] party at least to specify some opposing evidence which it can adduce and which will change the result.* Radio City Music Hall Corp. v. United States, 135 F.2d 715, 718 (2d Cir. 1943). Mrs. Donnelly failed to meet this requirement."³ (F.N. omitted)

Nor may any of the arguments in Ceramco's memorandum in opposition be treated as raising a material fact dispute. As stated in *Lane v. Greyhound Corp.*, 12 F.R.D. 178, 179 (E.D.Ky. 1952)

"The plaintiff has filed nothing which contraverts the facts disclosed by the deposition. Neither unverified pleadings *nor mere assertions of facts made by counsel in his brief are sufficient for that purpose.* Wilkinson v. Powell 5 Cir. 1949 F.2d 335, 337; Crosby v. Oliver Corporation D.C.S.D. Ohio, 9 F.R.D. 110, 112."

³ In this case, Ceramco made no effort to meet this requirement "to specify some opposing evidence" but has rested its case on a mere denial—i.e. a "bald assertion that there is a dispute."

See also *Allen v. Radio Corporation of America*, 47 F. Supp. 244, 245-246 (D.Del. 1942).⁴

Lee should be able to rest its case at this point. However, it may be instructive to consider the aggravation of Ceramco's wrongdoing through the spurious denials advanced in an effort to salvage the complaint and save the scalp of the lawyers who induced Pelton to swear to its false allegations.

Paragraph 12 of the complaint, which Pelton swore to be true when he verified it includes the flatly false statement

"Defendant's use of plaintiff's trademark GENIE has caused . . . confusion"

Pelton's own testimony—as well as Ceramco's interrogatory answers—are *squarely to the contrary*. See admitted facts 4.2 and 4.3 which show that at no relevant time did Pelton or Ceramco have any knowledge that Lee's use of the mark "*had caused*" confusion as Pelton was induced by his counsel Towell, Ryan and Dobbins falsely to swear.

Nevertheless, the plaintiff has "denied" Lee's 9(g) fact 4.1 which states

"4.1 The following averment contained in paragraph 12 of the verified complaint is false and was known by H. Gordon Pelton to be false when he

⁴ For example, no *material* fact dispute is created by the *false* assertions of Ceramco counsel in their opposing memorandum that "plaintiff and defendant distribute products with identical names to persons in the same dental field" (p. 3) "that plaintiff or its predecessors have used the mark Genie alone to describe its products and to advertise them" and that "copies of such advertisements have been supplied to defendant", or that "plaintiff's predecessors and plaintiff (by itself and in its advertisements)" refer to Genie products not as "Gold Genie or Ceramic Metal Genie but simply by the general name Genie".

swore in this April 11, 1974 verification of the complaint "I . . . know" such averment "to be true":

Instead, plaintiff invites this court to whitewash Pelton's perjury and its subornation on the spurious ground that the false statement is a "legal conclusion". However, the statement that Lee's use of the mark "*has caused . . . confusion*" is *no* legal conclusion. It is a false statement of material fact. It was obviously advanced to give spurious substance to the verified complaint which was successfully used to induce Judge Dooling to issue an order requiring Lee to show cause why a preliminary injunction should not issue—and also in support of plaintiff's preliminary motion.⁵

Moreover, the statement is nonetheless false—and its verification and use to induce the issuance of a court process nonetheless culpable—to label it a "legal conclusion".

An analogous situation obtains with respect to Paragraph 11 of the verified complaint which, as noted in Lee's admitted Rule 9(g) fact 6, states

"11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with *full knowledge of plaintiff's use of the trademark GENIE*, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and *defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field.*"

As admitted Lee Rule 9(g) fact 6.1 states,

⁵ Of course, plaintiff's counsel *knew* that if the true fact—that *no* actual confusion has ever ensued—were candidly acknowledged, the probability was remote that Judge Dooling would issue an *ex parte* order requiring Lee to show cause why a preliminary injunction should not issue.

"In his sworn verification of the complaint," Pelton swore that he had "read paragraph 11 of the complaint and that as to matters stated on information and belief '[in that paragraph] I believe it to be true'".

But, as the *admitted* Lee Rule 9(g) facts *also show*, Pelton had *no basis* whatever for the purported "belief" to which he swore,

a. With respect to Lee's alleged "adoption and use of the trademark GENIE *with full knowledge of plaintiff's use . . . etc.*" Pelton testified in his deposition⁶ that he did NOT "*know any facts inconsistent with what is stated:*"

(i) In par.3 of the Lee affidavit, Lee's motion Exhibit C, which states

"3. The adoption of the mark "GENIE" for the product in question was made *innocently and in good faith* as evidenced by the following facts:

"(a) The mark was *adopted* by Lee Pharmaceuticals only after two separate investigations of the registered United States trademarks of record in the United States Patent Office were conducted at my request by Lee Pharmaceuticals counsel, Irons, Sears & Santorelli, which investigations revealed no conflicting marks and, specifically, did not reveal any information concerning plaintiff, Ceramco, Inc., or its product or its alleged trademarks in issue in this litigation.

"(b) At the time the decision was made to adopt the trademark "GENIE" for the orthodontic bracket adhesive product of Lee Pharmaceuticals, I had *no knowledge of the product or the alleged trademarks of plaintiff, Ceramco,*

⁶ Pelton's deposition testimony appears in Lee's Exhibit E. See Lee's 9(g) fact 5. 4. 3. 1 which is admitted.

Inc., involved in this litigation or of a similar product as alleged by plaintiff to have been previously sold by Culver Laboratories, Inc. and/or the Wilkinson Company; specifically, I had no knowledge of any use of the trademarks "GOLD GENIE", "CERAMIC METAL GENIE" or "FIBER GENIE" or any other trademark including the word "GENIE" alone or in combination with other words by the plaintiff, Ceramco, Inc., or by its alleged predecessors in interest at any time on any product."

(ii) in so much of Par 5 of the Lee affidavit as states⁷

"(a) In his affidavit, Mr. Pelton swears that defendant, Lee Pharmaceuticals:

"Has misappropriated the trademark "GENIE" in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets." (p. 4).

The fact is that, as noted supra in paragraph 3, defendant Lee Pharmaceuticals innocently and in good faith, after two careful investigations in the United States Patent Office adopted

⁷ These paragraphs of the Lee affidavit are also reproduced in Lee's Rule 3(g) fact 5. 4. 1. The Pelton testimony, as contained in Exhibit E, is as follows:

Do you know any facts inconsistent with what is stated in paragraph 3?

No. (p. 413 ll. 11-13)

* * * *

Q. . . . would look now simply at the sentence which immediately follows the quotation in that subparagraph (a) and tell me if you know any facts inconsistent with the facts stated in that sentence.

* * * *

A. No. (p. 418 l. 23—419 l. 6)

the mark "GENIE" for its orthodontic bracket adhesive product and did so in total ignorance of the plaintiff's involved product or of the allegedly similar product of its predecessors. Culver Laboratories, Inc. and the Wilkinson Company, or of plaintiff's or its predecessors' alleged trademarks involved in this action. It follows that affiant Pelton's sworn statement that defendant has "misappropriated"—i.e., wrongfully taken without [sic] permission—the trademark "GENIE" is not correct."

b. With respect to Lee's "intent" as alleged in paragraph 11 of the verified complaint, plaintiff has "Admitted, as substantially correct" Lee's 9(g) fact 6.2.3 as follows.

"6.2.3 Specifically, H. Gordon Pelton testified in his deposition taken in this cause on July 3, 1974 "when you ask me what information did I have as to Lee's intent, the information is I had no information as to his intent". See Fact 5.3".

Inconsistent with Pelton's *admitted* deposition testimony and with *admitted* Lee 9(g) fact 6.2.3 Ceramco has, flatly "denied" Lee's 9(g) facts as follows.

"6.1.1 At the time the complaint was verified on April 11, 1974 H. Gordon Pelton had no basis for his sworn statement that he then believed paragraph 11 of the complaint "to be true":

"6.2.2 In fact, as of April 11, 1974 H. Gordon Pelton has no knowledge of "intent" of the defendant as alleged in paragraph 11 or of any facts which would support a belief that "defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE";

"6.2.3.1 H. Gordon Pelton's verification of Paragraph 11 of the complaint was false and

known by H. Gordon Pelton to be false at the time he swore to it."

"6.2.3.2 The factual statements set forth in Paragraph 11 of the complaint are in fact false. (See Facts 5.4.1 (especially Paragraph 5(b) of the Lee affidavit); 5.4.2; 5.4.3; 5.4.3.1 and 5.4.3.2.

It is, of course, tactics of this type which underlie Rule 56(e)'s requirement that the party opposing summary judgment advance, in evidentiary form "specific facts showing that there is a genuine issue for trial" and for the rule in this Court and this Circuit that the opposing party "is required to come forward with documentary evidence to support a fact believed to be in material dispute." *Kruh, supra*.

Similar tactics have been invoked by plaintiff in regard to the complaint's spurious allegations (a) of use of the word "GENIE . . . alone in interstate commerce . . . since 1968" (par. 7), (b) of "continuous use and advertising of the trademark GENIE, alone" (par. 9) (c) that "the trademark GENIE, alone . . . has come to identify and is understood to identify, throughout the United States, plaintiff's product only . . . the word Genie constitutes a trademark and marketing concept by which the goods of plaintiff are distinguished from other goods in the dental field . . . (par. 9). Plaintiff has admitted defendant's Rule 9(g) facts 7, 7.1 and 8 setting forth the pertinent allegations of the complaint. In addition, plaintiff acknowledges the correctness of its answer to defendant's Interrogatory 4(b), set forth in defendant's Rule 9(g) fact 7.2.1, as follows:

"4 . . .

(b) Has Ceramco at any time since April 1973 [the date Ceramco allegedly acquired the mark] utilized the name 'Genie' *alone* to identify any product sold by it".

Answer to Interrogatory 4(b) "No."⁸

Even plaintiff's brief confesses that "it is true that none of plaintiff's packaging carrying the name of products uses the work [sic word] GENIE alone" (p. 6)⁹

⁸ Plaintiff "denied" fact 7.2.1 because "Plaintiff's answer to Interrogatory 4(b) is nothing more than the word 'No' "—or in other words solely because the fact inadvertently includes the additional—and correct—statement "April 1973 is the date at which Ceramco allegedly acquired the 'Gold Genie' and 'Ceramic Metal Genie' marks." Paragraph 5 of the complaint wholly consonantly states:

"5. In April 1973 . . . plaintiff acquired . . . the trademark GENIE used alone or in combination, including the names GOLD GENIE, CM GENIE and FIBERMETAL GENIE".

Obviously the "denial" of fact 7.2.1 is at best capricious.

⁹ Importantly, the interrogatory answer and the confession are foursquare with testimony given by H. Gordon Pelton on July 2, 1974 as follows:

"Q I wish, please, that you would look at the next page of your affidavit, the page labeled 2, and I call your attention to the first sentence on that page, which says, "In April 1973, pursuant to a written contract, Ceramco acquired from Culver Laboratories, Inc., and the Wilkinson Company (hereinafter "Culver-Wilkinson") all right, title and interest in a dental metal composition product designed for use as a corrective and repair material for gold crowns, bridges and the like (hereinafter the corrective composition), including all right, title and interest to the trademark Genie used alone or in composition including the names Gold Genie, C.M. Genie and Fiber Metal Genie," and my question to you is, do you have any information at all which indicates that either Culver Laboratories or Wilkinson Company ever used the word Genie alone as an identifying name for any product?

"A No, not that I know of.

"Q Has your company [Ceramco] to date ever used the name Genie alone as an identifying name for any product?

"A No.

"Q To your knowledge, has Johnson & Johnson ever used the name Genie alone to identify any product?

"A I don't believe so." (Pelton Dep., p. 166-7)

Plaintiff has not presented in a 9(g) statement or otherwise offered any admissible evidence to support the false statements in its brief that "plaintiff or its predecessor have used the word

Since it is axiomatic that use as a trademark must be on or in association with the actual goods or services sought to be identified by the mark, see 37 C.F.R. 2.21 and 2.56-2.58 inclusive, this is an effective confession of no use as a trademark.

On the face of these admitted facts, plaintiff's denial of defendant's Rule 9(g) statement 7.2 is spurious. That fact states

"In fact, neither plaintiff nor its predecessors, prior to the institution of this litigation on April 11, 1974 ever used the word "GENIE" *alone* as a trademark for any product."

Plaintiff's response:

"Denied. The words "gold" and "ceramic metal" are descriptive words. The word "GENIE" is the arbitrary, fanciful portion of plaintiff's mark and any other words used in conjunction with the word "GENIE" are not material to the issues herein."

is disingenuous as to "predecessors" even as it is with respect to Ceramco. Ceramco counsel Ryan testified that he interviewed plaintiff's predecessor Culver who "did not" tell [Ryan] that either he [Culver] or Wilkinson had ever used GENIE alone (Exhibit G, p. 56, ll. 17 to 19).¹⁰

GENIE alone to *describe* its products and to advertise them" and the equally false statement that "Copies of such advertisements have been supplied to the defendant." These statements accordingly do not present any fact issue. *Donnelly v. Guron*, 467 F.2d 290, 292 (2d Cir. 1967); *Kruh v. General Services Administration* 64 F.R.D. 1, 3 (E.D.N.Y.); *Lane v. Greyhound Corp.*, 12 F.R.D. 178 (E.D. Ky. 1952); see also *Bruce Construction Corp. v. United States*, 242 F.2d 873, 875 (5 Cir. 1957).

¹⁰ Mr. Steining, Ceramco's Vice president in charge of Sales, testified to the same effect on July 12, 1974 as follows:

"Q To your knowledge, did Wilkinson ever offer Fiber Metal Genie for sale to anybody under that name?

[Footnote continued on page 181]

Plaintiff has equally spuriously "denied" defendant's Rule 9(g) statement 8.2 that

"8.2 Paragraph 10 of the verified complaint acknowledges that defendant's application to register Genie for an orthodontic bracket adhesive stated a date of May 23, 1973 as the date of first use by Lee, [approximately five months before anyone outside Ceramco and its alleged predecessors Culver and Wilkinson associated or identified the word 'Genie' with any goods of plaintiff.]"

(a) As to the acknowledgement of the May 23, 1973 date of first use asserted in Lee's application to register GENIE, Paragraph 10 of the verified complaint states:

"On or about November 15, 1973, defendant filed an application in the United States Patent Office for the trademark registration of the mark GENIE. In said application, defendant stated that its first use of the GENIE mark was May 23, 1973."

¹⁰ [Continued]

"A I don't think so. I don't recall any instances of it, no.

"Q To your knowledge, did Culver Laboratories or Mr. Harold Culver ever offer Fiber Metal Genie for sale under that name?

"A I never heard of any instances of his doing it, no.

"Q Did you ever hear of any product for repairing Ceramco gold crowns and bridges that was ever distributed to the trade by Mr. Culver under the name Genie alone?

"A No. The laboratories frequently refer to any of these products by simply the name Genie, but I never saw anything in print that just said Genie.

"Q That's what I'm asking: If you've seen anything that was marked by the name Genie alone?

"A No." (Sleininger Dep. p. 16. l. 21-p. 17 l. 14)

Mr. Sleininger's testimony is strictly congruent with Mr. Pelton's, note 9 *supra*. That of Harold Culver, referred to in Ceramco's brief at p. 6, but not offered by Ceramco nor admissible as evidence under Rule 56(e), is in no way inconsistent.

(b) As to the date "anyone outside Ceramco . . . associated the word Genie with any goods of plaintiff", plaintiff's counsel stipulated at the Pelton deposition as stated in *admitted* fact 8.1 that

"Ceramco has no knowledge' 'of anyone outside Ceramco and also outside Culver Laboratories in [sic and] Wilkinson Company who associated the name Genie alone with Ceramco prior to the first Ceramic Metal Genie some time in about October of 1973.'"

and that the "same stipulation" applies if the words "Gold Genie, Ceramic Metal Genie or Fiber Metal Genie are substituted for Genie alone."

(c) As to the "approximately five months" the time period from Lee's first use date of May 23, 1973 to Ceramco's "first sale . . . sometime in about October of 1973" is "approximately five months" by simple arithmetic.

Against the background of *these* facts, Ceramco could not *in good faith* have "denied"—as it did—defendant's Rule 9(g) statement 8.3 which is as follows:

"8.3 The factual statements set forth in paragraph 9 of the verified complaint are misleading and fraudulent in that they fail to reveal that such trade identification between Ceramco and 'the word Genie' as may exist necessarily occurred after defendant had commenced distributing its Genie orthodontic bracket adhesive. These factual statements were known by plaintiff and its counsel to be misleading and fraudulent as of April 12, 1974 when the complaint was filed."

The spurious and bad faith nature of the denial

(a) is apparent from inspection of Paragraph 9 which obviously fails to "reveal that such trade identification . . . necessarily occurred *after* defendant has commenced distributing its Genie orthodontic adhesive"

(b) is in derogation of the facts that

(i) as stated in Paragraph 10 of the verified complaint, Lee's first use of Genie for its orthodontic bracket adhesive was in May, 1973

(ii) as stated in admitted fact 8.1 the first Ceramco sale of Gold Genie or Ceramic Metal Genie was "sometime in about October, 1973"

(c) is *a fortiori* in view of (a) and (b) since the mark "Genie could *not* possibly have "come to identify" and to be "understood to identify throughout the United States, plaintiff's product *only*" as Pelton swore in verification of Paragraph 9 until "after defendant had commenced distributing its Genie orthodontic bracket adhesive".

The irrefutable facts, including those spuriously "denied" as shown hereinabove, demonstrate that Pelton was also suborned to swear to the truth of paragraph 15 of the verified complaint which states

"15. By reason of the foregoing acts, defendant *has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also deprives plaintiff of sales and profit which it would otherwise have made, and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125 (a).*"

The "foregoing acts" of course, include those falsely attributed to Lee by Paragraphs 11 and 12 of the

allegations of Par. 15 as stated—significantly *not* on “information” and belief—that Lee “knowingly and deliberately” adopted the Genie mark and did so “*with the intent* to obtain an unfair share of plaintiff’s business . . . and to cause confusion”—*are false*.

Moreover, these allegations were known by Pelton to be false when he swore that they were true—for *at that* time Pelton, according to his sworn deposition testimony

“had no information as to his [Lee’s] intent”.

See admitted fact 6.2.3.

And Pelton also testified that, at the time he swore that Lee “deliberately and knowingly . . . applied the mark Genie etc.”, he, in fact, had “no knowledge inconsistent” with Paragraphs 3 and 5(a) of Lee’s affidavit, Motion Exhibit C, where Lee’s president stated that the mark “GENIE” was adopted “innocently and in good faith” and that at the time the decision was made to adopt such mark Lee had “no knowledge” of the product or the alleged trademark of the plaintiff.

Nevertheless, continuing its departure from candor, Ceramco has simply “denied” Lee’s 9(g) facts as follows:

“5.1 At least the underlined averments contained in Paragraph 15 of the verified complaint are now false and were false when the verified complaint in this action was filed on April 12, 1974.”¹¹

¹¹ The “underlined averments” appear in Lee’s 9(g) Fact 5:

“15. By reason of the foregoing acts, *defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff’s business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff’s trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also de-*

"5.1.1 As to at least the underlined averments contained in paragraph 15 of the complaint, H. Gordon Pelton had no knowledge of any facts supporting said averments and therefore knowingly swore falsely in his April 11, 1974 verification of the complaint that "I . . . know . . ." such averments "to be true".

"5.3.2 Because, on April 11, 1974 when he verified the complaint, H. Gordon Pelton "had no information [as] to [Lee's] intent" his sworn statement of the same date in verification of the complaint that "I . . . know" it "to be true" that Lee acted with the "intent" alleged in the paragraph 15 of the complaint was false and known to be false by H. Gordon Pelton when he swore to it.

"5.4.3.3 In view of his testimony as stated in fact 5.4.3 [see Exhibit E]—i.e. that he had no knowledge inconsistent with paragraph 3 and the underlined portion of Paragraph 5 of the Lee affidavit. Mr. Gordon Pelton swore falsely at least as to the underlined averments of Paragraph 15 of the complaint as reproduced in fact 5 in his April 11, 1974 verification of the complaint "I . . . know" such averments "to be true". See Fact 5.1.1.¹²

Nor in the face of admitted facts 4, 4.2 and 4.3 to the effect that there has been *no actual confusion*¹³

prives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a)." (Emphasis added).

¹² The denial of 5.4.3.3 may be consequent from the erroneous reference to "Fact 5.4.3" instead of Exhibit E". There is no Pelton testimony "stated in Lee's 9(g) fact 5.4.3."

¹³ The case law does not support plaintiff's assertion (memo p. 3) that "Proof of actual confusion is unnecessary; confusing similarity is all that is required". In particular, in *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 307 F.2d 495 (2 Cir. 1962) the

between plaintiff's product and Lee's could Ceramco's president swear—or its lawyers urge him to swear—to deprivation “of sales and profit”, or that Lee's activity “*has damaged . . . plaintiff's reputation and goodwill*”—a “goodwill” nonexistent when the complained-of Lee activity commenced. Plaintiff, of course, “withdrew” its money damage claim over our objection, but it has not withdrawn or attempted to correct this untruthful “*has damaged*” allegation.

It cannot be too strongly emphasized that these perjurious statements which plaintiff's counsel suborned appear in the *verified complaint* upon which plaintiff is still relying as the basis for the equitable relief it seeks. Whether or not plaintiff *could* have filed a non-perjured complaint that would have stated an adequate claim for relief over which this Court would have had subject matter jurisdiction is not in issue. So long as plaintiff chose to file a false sworn complaint in an effort to obtain an unfair advantage¹⁴—its unclean hands in connection with the very subject matter of the action, indissolubly integrated into the action because a part of the very complaint itself, are manifest.

appellate court noted that the district court made “a finding that confusion did exist in the real estate field as a result of the use of the name ‘Safeway’ by both parties in their corporate titles” (307 F.2d at 498; emphasis ours) and later added “The district court found confusion to be present in the minds of some people” (*id.* at 499).

¹⁴ The effort was sufficiently successful to induce issuance by Judge Dooling on April 20, 1974 of an ex parte order requiring defendant to show cause why a preliminary injunction should not issue. It is quite improbable that this order would or could have issued if the true facts—showing no actual confusion, no damage to plaintiff, no use of “Genie” alone as a trademark [sic] by plaintiff and no goodwill even commencing to inure to plaintiff until after defendant's own use of the trademark commenced—had been before Judge Dooling.

As said in *Mas v. Coca Cola*, 163 F.2d 505, 508 (4 Cir. 1947), in an equity case.

"It is sufficient to bar relief that plaintiff has been guilty of unconscionable conduct directly related to the cause of action, such as the fabrication of testimony, the subornation of perjury or other like attempt to perpetrate a fraud upon the court or take an unconscionable advantage of his adversary."

That being the situation here, plaintiff's complaint should forthwith be dismissed with costs and attorney's fees to defendant.

EXHIBIT A*Defendant's Fact 3*

The verified complaint, Exhibit A and the Pelton Affidavit, Exhibit B, were prepared by plaintiff's counsel, Mr. Towell, the notary public before whom Mr. Pelton signed both Exhibit A and Exhibit B.

Plaintiff's Fact 3

Denied. Mr. Towell was not solely responsible for the preparation of the verified complaint.

COMMENT:

The denial is spurious.

a. It is contradicted by Mr. Towell's own testimony given November 24, 1975 in this action (Exhibit F):

"Q Did you, in fact, prepare certain papers to bring on this case?

"A I did.

"Q What papers did you prepare?

"A I prepared the summons and complaint and an order to show cause for a preliminary injunction." (p. 5, ll. 12-17)

b. The denial *includes* a qualification that fact 3 does *not* state, i.e. that Mr. Towell was "solely responsible" for the preparation. In point of fact, Mr. Towell further testified that *Mr. Dobbins* "asked me to prepare the papers, the complaint and a motion to bring on the case . . ." (Exhibit F, p. 5, ll. 4-11).

Defendant's Fact 9

The false statements which appear in the verified complaint, Exhibit A and the false verification of the complaint was suborned by plaintiff's counsel, who purportedly investigated the facts and prepared the verified complaint, Exhibit A and the Pelton affidavit, Exhibit B.

Plaintiff's Fact 9

Denied.

COMMENT

The denial is spurious.

a. "False statements" have been shown to "appear in the verified complaint, Exhibit A and the false verification of the complaint".

b. Plaintiff's counsel, including Mr. Towell "purportedly investigated the facts" as appears from admitted fact 3.1.

c. Mr. Towell prepared the complaint as stated in admitted fact 3.1—and as Mr. Towell in fact testified at page 5 of his deposition given November 24, 1975. See the discussion of fact 3.

d. Mr. Towell is the notary before whom the complaint was verified as set forth in admitted fact 1.1.2.

Defendant's Fact 9.1

The plaintiff's counsel who suborned the false swearing include Thomas Towell, Michael J. Ryan and David W. Dobbins.

Plaintiff's Fact 9.1

Denied.

COMMENT:

The denial is spurious.

a. As to the subordination of the false swearing see the *comment* concerning fact 9.

b. The counsel involved are identified as Towell, Ryan and Dobbins in admitted facts 1.1.2; 2.1 and particularly 3.1. See also the discussion of fact 3.

Statement 9.3.3

The depositions of Thomas W. Towell, Jr. and Michael J. Ryan, Jr. were taken by defendant on November 24, 1975 and opportunity was afforded these lawyers for plaintiff to explain or justify the false and misleading averments of the verified complaint. The deposition transcripts, Exhibits F and G, respectively reflect that these lawyer witnesses were instructed by plaintiff's counsel James W. Paul not to answer questions relating to the *bona fides* of the verified complaint.

Response to Statement 9.3.3

Denied.

COMMENT:

The "denial" is spurious.

a. As to the opportunity afforded Towell and Ryan to explain and justify the false and misleading averments of the verified complaint the following appears at pages 18-19 of the Towell deposition, Exhibit F:

"Q [by Lee counsel] Mr. Towell, I think in fairness that I should tell you and I'm doing this strictly in the sense of fairness and please don't misconstrue it as any kind of unthwarted (sic unwarranted) comment. We are going to take the position and indeed have taken the position that the complaint, the verification of the complaint and certain aspects of the affidavit in support of the motion to show cause were false, were known to be false at the time that they were verified by Mr. Pelton and that the false swearing was suborn by counsel.

"I am telling you that because I don't want it to come as any surprise when this issue is raised and *you are being given the chance today, as far as I am concerned, the only chance, to explain yourself.*

"That is my statement made in the interest of fairness, not as a threat at all. And I tell you that

because you are persisting in not answering questions."

The following appears at page 4 of the Ryan deposition, Exhibit G:

"Q You were present throughout the deposition of Mr. Towell which we have just suspended; is that right?

"A I was.

"Q You heard and understood the things that I said to him?

"A I did.

"Q I now say the same things to you:

b. With respect to the fact that the deposition transcript reflects that these lawyer witnesses were instructed by plaintiff's counsel Mr. Paul *not* to answer questions relating to the *bona fides* of the verified complaint.

See in the Towell deposition Exhibit F, page 6, line 15 through page 7, line 3. See also the Ryan deposition page 9, line 17 through page 12, line 16; page 14, line 20 to page 15, line 6 and page 27, lines 1 to 16.

c. These depositions, Exhibits F and G, state on the cover page of each that they were taken on November 24, 1975.

**LETTER OF PLAINTIFF'S COUNSEL SEARS
TO CHIEF JUDGE MISHLER**

December 13, 1975

Honorable Jacob Mishler
Chief Judge, United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: *Ceramco v. Lee Pharmaceuticals*
Civil Action 74-C-567

Dear Judge Mishler:

This letter is written to call to your attention the pendency of defendant's motion for summary judgment filed November 26, 1975 which is now fully briefed, and to respectfully request a prompt ruling thereon. This motion is particularly important because its grant would be dispositive of all issues raised by the complaint, thereby obviating any need to set a trial date.

In addition, its grant would obviate the need which now exists for further pre-trial proceedings. More specifically, defendant's counsel are in process of preparing and will soon file Rule 37 motions relative to plaintiffs' inadequate performance in respect of interrogatory answers and document production that were due on December 1, 1975, plaintiffs' failure on December 1, 1975 to produce knowledgeable witnesses in areas designated by proper notice under Rule 30(b)(6) and plaintiffs' refusal to permit witnesses to answer questions obviously relevant within the scope of Rule 26(b) to issues raised in the pleadings at depositions that ensued on November 24 and December 1, 1975. Pointedly—and just by way of specific example—plaintiffs:

- (a) have refused to identify any of the witnesses they will call at the trial or to identify documents they will mark in evidence at trial.

- (b) have refused to answer an interrogatory as whether or not they will call experts to testify at trial, notwithstanding the express provisions of Rule 26(b)(4)(A) and
- (c) have produced no witness knowledgeable with respect to Johnson and Johnson's activities conducted in concert with its wholly-owned Belgian subsidiary in attempting to obtain an international registration of the name "GENIE" alone for products inclusive of the Lee "GENIE" product, despite our timely demand for such a witness.

Plaintiffs have otherwise refused to provide information essential to defendant's trial preparation, as our Rule 37 motions will show.

If the Court should grant the summary judgment motion, however, these Rule 37 motions will not need to be filed, noticed for hearing, or entertained by the Court. Therefore, before burdening the Court with those motions, I deemed it appropriate to call the outstanding summary judgment motion to the Court's attention by this letter and to request an early decision thereon.

In this regard, it is my position on behalf of defendant that further oral hearing on this fully briefed motion is inappropriate and wholly unnecessary and that the undisputed facts upon which the motion rests are dispositive and cannot be changed by lawyers' arguments in any event. If the Court should nevertheless desire oral argument, then I request that it be set down for your Honor's next motion day, Friday, December 19, 1975, so that there will be no delay.

Respectfully,

/s/ Mary Helen Sears
MARY HELEN SEARS

cc: Clerk, United States District
Court for the Eastern District
of New York
D. F. Dobbins, Esq.
M. J. Ryan, Jr. Esq.
A. J. DeMarco, Jr. Esq.
Dr. H. L. Lee, Jr.

LETTER OF CHIEF JUDGE MISHLER TO COUNSEL
POST MARKED DECEMBER 16, 1975

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

CHAMBERS OF
JACOB MISHLER
CHIEF JUDGE

[Received Dec. 18, 1975]

December 12, 1975

Anthony J. DeMarco, Jr., Esq.
26 Court Street
Brooklyn, New York 11242

Rogers & Wells, Esqs.
200 Park Avenue
New York, New York 10017

Re: Ceramco v. Lee Pharmaceutical
Docket No. 74 C 567

Gentlemen:

The motion for summary judgment will appear on the court's calendar on Friday, December 19, 1975. All papers are to be filed on or before that date.

The court will *NOT* permit oral argument. The motion will be marked and submitted.

Very truly yours,

/s/ Jacob Mishler
JACOB MISHLER
Chief Judge

cc: Calendar Commission
Eastern District of New York

**LETTER OF PLAINTIFF'S COUNSEL DEMARCO TO
CHIEF JUDGE MISHLER DATED DECEMBER 18, 1975**

Hon. Jacob Mishler, Chief Judge
United States District Court
Eastern District of New York
Brooklyn, New York 11201.

Re: Ceramco v. Lee Pharmaceutical
Docket No. 74 C 567

Dear Judge Mishler:

This office today received your letter dated December 12, 1975 and postmarked December 16, 1975 relative to the pending summary judgment motion.

I am informed that in view of that letter's indication that your honor is not adhering to the oral order made December 5, 1975 that *all* papers pertaining to this matter should be filed by December 8, 1975, Miss Sears called your chambers and spoke with your secretary to enquire whether such was the fact. Miss Sears advised me that she has been told that if Rogers & Wells wishes to file any paper it will be received tomorrow contrary to your previous order. I am further informed that she has been advised that she will be permitted to respond to any Rogers & Wells paper by December 26th if such should be filed.

In view of the foregoing and in reliance upon the statement in your letter abovestated, that the court will not permit oral argument on the pending summary judgment motion on December 19, 1975, the court is hereby advised that counsel for Lee Pharmaceuticals will not appear in your court on that date.

I understand that counsel for plaintiff will not be heard in oral argument on or off the record for any purpose.

Respectfully,

AJD/mmr.
cc.

ANTHONY J. DEMARCO, JR.

Rogers & Wells, Esqs.

**PLAINTIFF'S SUPPLEMENTAL MEMORANDUM IN
OPPOSITION TO DEFENDANT'S MOTION
FOR SUMMARY JUDGMENT**

Defendant's reply memorandum addressed to its motion for summary judgment makes several points as to which plaintiff is compelled to respond:

1. Defendant argues that plaintiff has apparently not advanced independent factual material which defendant considers sufficient to counter certain paragraphs of its Rule 9(g) Statement. This is, in fact, error. Plaintiff has admitted the vast majority of the statements contained therein but has denied others. The statements which plaintiff has denied are not statements of fact but are conclusions of law which defendant has improperly included in its Rule 9(g) Statement. Thus, virtually every paragraph of defendant's Rule 9(g) Statement which plaintiff denied contains conclusions of law which defendant urges upon this Court. No "factual" material could be adduced to counter such statements. In any event, sufficient factual material is contained in defendant's own motion papers to demonstrate that its motion is not only spurious but made simply to further delay and obfuscate the trial of the real issues involved herein: trademark infringement and unfair competition.

2. Plaintiff has demonstrated conclusively that portions of the verified complaint relied on by defendant in its attempt to demonstrate plaintiff's "unclean hands" are not capable of the strained interpretation given them by defendant. For that reason alone summary judgment is absolutely improper. In addition, the statement of defendant's legal argument itself raises questions of fact as to which there can be no argument. The gravamen of defendant's claim is that the statements contained in the verified complaint were made in order to induce the issuance of an order to show cause by Judge Dooling. Nothing in defendant's motion papers establishes any-

thing with respect to the purpose of plaintiff in making the statements contained in the verified complaint other than to initiate an action which it one day hopes to conclude, after trial, in its favor. No facts of any kind have been adduced by defendant to show otherwise. Defendant's contention that the affidavit was used to obtain an order to show cause is not only spurious but, at best, immaterial. No temporary restraining order was granted, nor was defendant prejudiced by the shorter time period permitted for answering.

3. The authorities cited by defendant in support of its "unclean hands" theory are inapposite. In each of the cases cited the material as to which "unclean hands" was associated bore directly upon the issue the Court was asked to decide. *Clairol Inc. v. Gillette Co.*, 270 F. Supp. 371 (E.D.N.Y. 1967) (false procurement of trademark in issue); *Keystone Co. v. Excavator Co.*, 290 U.S. 240 (1933) (patent, the subject of infringement action, obtained improperly); *Hazel-Atlas Co. v. Hartford Co.*, 322 U.S. 238 (1944) (fraud on Patent Office perpetrated with respect to patent which was subject of infringement action); *Precision Co. v. Automatic Co.*, 324 U.S. 806 (1945) (failure to supply information to Patent Office with respect to an application for the same patent in issue before the Court); *Mas v. Coca-Cola*, 163 F.2d 505 (4th Cir. 1947) (forgeries used in an attempt to show priority of invention of patent in issue). No nexus exists, even if the facts as defendant claims them to be were true, to tie the conduct alleged to the subject matter of this action.

For the foregoing reasons, as well as others stated in plaintiff's memorandum in opposition to defendant's motion for summary judgment, said motion should be denied in all respects.

**DEFENDANT'S REPLY TO PLAINTIFF'S
SUPPLEMENTAL MEMORANDUM IN OPPOSITION
TO DEFENDANT'S MOTION FOR
SUMMARY JUDGMENT**

Plaintiff's "supplemental memorandum" filed on or about December 19, 1975 once more endeavors to materially mislead the Court, asserting that

"The gravamen of defendant's claim is that the statements contained in the verified complaint were made in order to induce the issuance of an order to show cause by Judge Dooling. Nothing in defendant's motion papers establishes anything with respect to the purpose of plaintiff in making the statements contained in the verified complaint other than to initiate an action which it one day hopes to conclude, after trial in its favor. No facts of any kind have been adduced by defendant to show otherwise."

The entire argument is deceptive in face of Judge Dooling's "Order to Show Cause" entered April 12, 1974 in this case, which affirmatively states that it is entered in reliance

"Upon the annexed affidavit of H. Gordon Pelton, sworn to the 11th day of April, 1974 and *upon the summons and verified complaint*" (Emphasis added).

The argument is likewise deceptive in face of "Plaintiff's Memorandum in Support of Motion for Preliminary Injunction" filed April 12, 1974 which on its *first page* asserts that

"This memorandum is respectfully submitted by plaintiff Cerameco, Inc. . . . in support of its motion, *brought on by order to show cause*, for a preliminary injunction enjoining and restraining defendant Lee Pharmaceuticals . . . during the pendency of this action, from using plaintiff's trademark 'GENIE', alone or in combination, and from otherwise infringing plaintiff's trademark rights and unfairly com-

peting with plaintiff. *The facts in support of the motion are set forth in the verified complaint and in the affidavit of Gordon Pelton, president of Ceramco, and will only be briefly repeated here.*" (Emphasis added).

To put it succinctly, this Court's own records affirmatively show that plaintiff deliberately used the materially false verified complaint to induce Judge Dooling's entry of the show cause order and to support its preliminary injunction motion. Hence the *present* suggestion that the complaint had no such purpose, or that a question of fact as to purpose exists, is downright disingenuous and should be disregarded.

Nor can plaintiff excuse its own manifest inability to present facts to counter defendant's Local Rule 9(g) statement on the contrived premise that statements of fact, setting forth the inevitable consequences of the expressly admitted detailed facts are "legal conclusions" which can therefore be disregarded. As the cases cited at pages 4-5 of our reply memorandum filed December 8, 1975 clearly establish plaintiff was under an onus to come forward with "some evidence which supports the bald assertion that there is a dispute" and which would "change the result".¹ Mere denial of the Rule 9(g)

¹ Plaintiff is a *fortiori* WRONG in asserting that "virtually every paragraph of defendant's 9(g) statement which plaintiff denied contains conclusions of law. . . . No "factual material could be adduced to counter such statements." To illustrate, plaintiff "denied" defendant's 9(g) fact 4.1 stating:

"The following averment contained in paragraph 12 of the verified complaint is false and was known by H. Gordon Pelton to be false when he swore in this April 11, 1974 verification of the complaint "I . . . know" such averment "to be true":

Defendant's use of plaintiff's trademark *GENIE* has caused . . . confusion . . . in the dental trade. . . ."

It is manifestly a *fact* that the identified averment "is false and was known by H. Gordon Pelton to be false" at the time he

statement is insufficient as a matter of law. See *Donnelly v. Guron* 467 F.2d 290, 293 (2 Cir 1970)

Plaintiff's attempted use of the "legal conclusions" dodge to avoid any square confrontation of the indisputable fact that the sworn complaint is perjurious is reminiscent of the situation that confronted this Court in *American Auto. Ass'n, Inc. v. Rothman*, 101 F.Supp 193, 195-196 (E.D.N.Y. 1951) wherein it was found "proper under Rule 11" to inquire what "good ground" there was to support certain obviously disingenuous portions of a party's answer and accordingly to require counsel signing the answer to file "a written explanatory statement". In the further proceedings which ensued in *American Auto. Ass'n, Inc. v. Rothman*, 104 F.Supp 655, 656 (E.D.N.Y. 1952) the Court found the written statement "unsatisfactory in form and substance", invited the attorney to appear in person and make an oral record—and being still unsatisfied that good ground existed for one counterclaim, stated as follows:

"The counterclaim was not withdrawn and it was sought to be upheld on the motion for summary judgment, both orally and in the defendant's brief.

The result is that the counterclaim was allowed to stand and the Court was called upon to adjudicate the issue, although the defendant's attorney knew that there was no good ground to support it.

swore it was true on his own knowledge. See admitted 9(g) facts 4.2 and 4.3 NO "legal conclusion" is in any way involved.

If plaintiff knew any exculpatory evidence of any nature, it was bound under Rule 56 F.R.C.P. and Local Rule 9(g) to come forward, and it did not do so. If these rules *could* be evaded by simply labelling uncontrovertible adverse facts as "legal conclusions" as plaintiff is now urging, they would be wholly meaningless and could never have been applied as the Court of Appeals has consistently applied them—e.g. in *Donnelly v. Guron* 467 F.2d 290, 293 from which the quotations in text were taken.

One of the obvious purposes of Rule 11 is to keep out of a case issues that are known to be false by the attorney who signs a given pleading, and the violation of the Rule in this case is clear and unmistakable; this opinion should be filed separately in the office of the Clerk of this Court, and indexed against the name of the defendant's attorney, so that, in the event that his professional conduct in any other connection shall become a subject of inquiry, this case and this record can be referred to for such instruction as it may yield." (Emphasis added).

Similarly in *Nichols v. Alker* 126 F.Supp 679, 684 (E.D.N.Y. 1954) this Court, after noting numerous misstatements of fact in an unverified complaint, observed that counsel for the plaintiff had been given the opportunity both to argue a Rule 11 motion to strike the complaint as sham and to advance reply affidavits but had "declined to do so". This Court said

"I was not in the slightest degree impressed by his good faith in this respect, for I find in his affidavit opposing . . . [another] motion that he had been working on this case for the last six months. From what has been said above, the complaint will be dismissed and stricken from the files as sham."

And see *Bertucelli v. Carreras*, 467 F.2d 214, 215 (9 Cir 1972) wherein an order striking the complaint "because it did not comply with Rules 8(a) and 11" was held proper "on both grounds". The Court noted as to the Rule 11 ground that

"Allegations in the complaint, critical to one claim, were conclusively shown by state court records to be false. The District Court was therefore fully justified in concluding as it did, that Bertucelli's then attorney signed the complaint with the intent to defeat the purpose of Rule 11."

Plaintiff and its counsel, having been given a full opportunity to come forward with counter evidence, including an explanation for the submission of a perjurious sworn complaint and having utterly failed to do so, cannot now hide behind the limp "legal conclusion" pretext to keep the perjurious complaint pending on its merits before this Court. Finally, plaintiff has not submitted even one authority that supports the proposition asserted by its original brief on this motion—to wit

"Here, Lee claims that Ceramco's president swore falsely in a verification and an affidavit. Even if true, that fact would have nothing to do with the validity of Ceramco's trademark infringement action involving two dental products known as GENIE."

This failure is particularly noteworthy since the proposition provided the excuse for plaintiff's submission of a "supplemental memorandum." Thus, plaintiff's original memorandum said

"If there should be any doubt in the mind of the court as to the limits of the equitable doctrine cited by defendant, plaintiff requests additional time to supply the court with further legal authority."

Having first been instructed, just as defendant was, at the oral hearing of December 5, 1975 that all further briefs on this motion should be filed by December 8 plaintiff *did nothing*. Having then been generously afforded until December 19, 1975 to file its "Supplemental Memorandum" plaintiff is still asserting the same proposition, *without citation of authority*, saying specifically that "no nexus exists" between the deliberate filing of a false sworn complaint and the subject matter of the action. That plaintiff is *wrong* in its legal proposition is apparent on the face of the various authorities cited by defendant, including the Rule 11 cases, discussed, *supra* and the precedent cited in defendant's prior memoranda on this motion.

In particular, in *Mas v. Coca Cola* 163 F.2d 505, 508 (4 Cir 1947) the court rejected plaintiff's premise out-of-hand stating

"Although most cases in which the clean hands doctrine has been applied are cases in which the cause of action itself has arisen out of or been the fruit of unconscionable conduct, we do not understand that it is a prerequisite to the application of the doctrine that the cause of action shall have so arisen. It is sufficient to bar relief that plaintiff has been guilty of unconscionable conduct directly related to the cause of action, such as the fabrication of testimony, the subornation of perjury or other like attempt to perpetrate a fraud upon the court or take an unconscionable advantage of his adversary. It is said that to have relief from a court of equity plaintiff must not only come into court with clean hands, but must keep his hands clean. [citing numerous cases in a footnote]"

In *Root Refining Co. v. Universal Oil Products Co.*, 169 F.2d 514, 534-35 (3 Cir. 1948), a plurality of issued mandates in prior litigated cases were recalled, the judgments vacated and the original suits dismissed because it was demonstrated that after the institution of the various actions the defendant had engaged a particular lawyer for the sole purpose of improperly influencing one of the judges involved in the case. In pertinent portion the Court stated

"The disposition now to be made of the Root cases admits of no doubt. The records of the courts must be purged and the judgments in Universal's favor, both in this court and in the District Court, must be vacated and the suits by Universal must be finally dismissed. *No principle is better settled than the maxim that he who comes into equity must come with clean hands and keep them clean throughout the course of the litigation, and that if he violates*

this rule, he must be denied all relief whatever may have been the merits of his claim. Hazel-Atlas Co. v. Hartford Co., 322 U.S. 238, 64 S.Ct. 997, 88 L.Ed. 1250; Keystone Driller Co. v. General Excavator Co., 290 U.S. 240, 54 S.Ct. 146, 78 L.Ed. 293; Mas v. Coca-Cola Co., 4 Cir., 163 F.2d 505; American Insurance Co. v. Lucas, D.C.W.D.Mo., 38 F.Supp. 896, affirmed as American Insurance Co. v. Lucas, D.C.W.D.Mo., 38 F.Supp. 896, affirmed as American Insurance Co. v. Scheufler, 8 Cir., 129 F.2d 143.

Consequently there can be no question as to the course to be taken with regard to Universal's suits against Root. In Hazel-Atlas Co. v. Hartford Co., *supra*, the fraud consisted in the publication of an article commendatory of the patent and purported to be written by a disinterested person, but actually prepared by officials of the Company which owned the patent, and in Mas v. Coca-Cola Company, the plaintiff was denied relief because he had forged certain letters indicating the priority of his invention. *In both cases the courts did not merely exclude the tainted evidence, but denied the patentee all relief. How much more deserving of condemnation is the conduct of the patentee in the instant case which was directed against the integrity of the court itself.*" (Emphasis added).

In *this* case the conduct of the plaintiff "was directed against the integrity of the Court itself". The record itself shows that the false verified complaint was used successfully to induce Judge Dooling to enter the show cause order and was relied upon by plaintiff, albeit unsuccessfully, to induce the Court to enter a preliminary injunction. The disposition now to be made of this case, as in *Root Refining, supra*, "admits of no doubt". Plaintiff is still relying upon the tainted and false complaint; it is the *only* basis upon which plaintiff seeks relief. In the premises, the Court has no recourse but to deny plaintiff *all* relief, and to dismiss with prejudice, and with costs and attorneys' fees to defendant.

MEMORANDUM OF DECISION AND ORDER

January 6, 1976

MISHLER, CH. J.

Defendant moves for summary judgment based on conclusory allegations that the allegations of the complaint are false. In effect, defendant claims that "by the filing of the perjurious verified complaint . . . the plaintiff has committed and is now committing a fraud upon the court and upon the defendant."

Defendant's argument with reference to paragraph 12 of the complaint typifies defendant's arguments in support of its motion. This paragraph of the complaint recites the following:

12. Defendant's use of plaintiff's trademark Genie has caused and is likely to cause confusion and mislead purchasers in the dental trade, and create the erroneous impression that defendant's product is either manufactured or sponsored by plaintiff, or is distributed and sold with the consent or authority of plaintiff, or that the parties are otherwise associated, affiliated or related. Defendant's unlawful acts will damage the reputation and good will of the plaintiff.

Defendant's statement of material facts under Local Rule 9(g), shows that the complaint was verified by H. Gordon Pelton, President and Chief Executive Officer of Ceramco, Inc. Defendant cites the deposition of Mr. Pelton to prove the falsity of paragraph 12 of the complaint. Mr. Pelton testified that he had never received any reports that Lee was marketing a Genie product, and had never heard that any customer confused Gold Genie or Ceramic Metal Genie with Lee's Genie product.

The motion is ill-conceived. Defendant is really charging plaintiff with being unable to prove all the allegations of the complaint in the manner alleged. But failure

to prove actual confusion of purchasers, though alleged, will not defeat plaintiff's claim. The test is rather the likelihood of confusion, *Anti-Defamation League of B'nai B'rith v. National Mexican Am. Anti-Defamation Committee, Inc.*, 510 F.2d 1246 (D.C. Cir. 1975); *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 307 F.2d 495 (2d Cir. 1962); *Geo. Washington Mint, Inc. v. Washington Mint, Inc.*, 349 F. Supp. 255 (S.D.N.Y. 1972).

The doctrine that denies relief to a plaintiff who comes into equity with unclean hands applies to the type of "inequitableness or bad faith relative to the matter in which he seeks relief" *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 814, 65 S.Ct. 993, 997 (1945); *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 245, 54 S.Ct. 146 (1933); *Carmen v. Fox Film Corp.*, 269 F. 928 (2d Cir. 1920), *cert. denied*, 255 U.S. 569, 41 S.Ct. 323 (1974); *Washington Capitols Basketball Club, Inc. v. Barry*, 304 F. Supp. 1193 (C.D. Cal. 1969), *aff'd*, 419 F.2d 472 (9th Cir. 1969).¹

Thus, showing that plaintiff shrimped out of season will not bar him from prosecuting a claim to declare a shrimp fishing statute unconstitutional, *Toomer v. Watsell*, 334 U.S. 385, 68 S.Ct. 1156 (1948); alleged irregularities committed after merger will not defeat plain-

¹ McClintock, *Equity* § 26 at 63 (2d ed. 1948), as cited in 11 C. Wright & A. Miller, *Federal Practice and Procedure* § 2946 n. 77 at 415 (1973), provides:

The maxim is subject to the qualification that the inequitable conduct which will defeat plaintiff's recovery must be conduct with reference to the transaction on which he bases his suit; relief will not be refused merely because of plaintiff's general bad character, nor because of particular acts of misconduct not directly involved in the suit. Even misconduct connected with the subject matter of the suit will not defeat relief where it does not form part of the transaction in controversy.

tiff's claim for rescission of merger agreement, *Meis v. Sanites Service Corp.*, 511 F.2d 655 (5th Cir. 1975). In a trademark and unfair competition claim a defense of "unclean hands" cannot be sustained unless there is

... some logical connection between the right plaintiff asserts and the activity constituting unclean hands.

....

The longstanding rule in equity is that there must be an immediate and necessary relationship between the relief the plaintiff seeks and the conduct giving rise to the "unclean hands." *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 245, 54 S.Ct. 146, 78 L. Ed. 293 (1933).

Coca-Cola Co. v. Howard Johnson Co., 386 F. Supp. 330, 337 (N.D. Ga. 1974).

Ownership of the tradename Genie in dental products, and infringement, remain issues in the case. They remain despite defendant's syllogism.²

The motion is in all respects denied, and it is SO ORDERED.

/s/ Jacob Mishler
JACOB MISHLER
U.S.D.J.

² Judge Medina's observation in *Compania Espanola de Petroleos, S.A. v. Nereus Shipping, S.A.*, Docket No. 75-7069, etc. (2d Cir. Dec. 12, 1975) is appropriately repeated here:

This brings us to the barrage of procedural motions and maneuvers by Neureus that have reduced the record before us to a state of utter confusion.

Slip Op. at 1060.

**NOTICE OF DEFENDANT'S MOTION TO RECONSIDER
MEMORANDUM AND ORDER DATED JANUARY 6, 1976**

Please take notice that at 10:00 a.m., on February 6, 1976, at Courtroom No. 4 of the United States Courthouse for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, New York, defendant Lee Pharmaceuticals will move the Court to reconsider its memorandum and order of January 6, 1976 and to enter an order dismissing the plaintiff's complaint herein, with costs and attorney's fees to defendant.

Respectfully submitted,

**MEMORANDUM IN SUPPORT OF MOTION TO
RECONSIDER JANUARY 6, 1976 MEMORANDUM
AND ORDER**

This Court's January 6, 1976 memorandum and order denying defendant's motion for summary judgment dismissing the complaint fundamentally resorts to erroneous legal premises to reach a wrong result. Thus, the Court has held:

(1) that it is immaterial to plaintiff's claims under 15 U.S.C. 1125(a), (Section 43(a) of the Lanham Act) and for common law trademark infringement whether there has been actual confusion in the marketplace, as the complaint misrepresents;

(2) that legally immaterial false allegations in a verified complaint are separable, as simply unprovable, from its remaining allegations if plaintiff has a cause of action; and

(3) that false sworn representations in a verified complaint are *per se* not sufficiently related to the plaintiff's claim for relief to call forth application of the unclean hands doctrine.

In addition the Court has failed to take any account of, or rule upon the effect of, the complaint's various perjured averments other than in paragraph 12¹ or of the fact that the whole complaint, *false sworn statements* included, was used to induce the Court to grant an *ex parte* show cause order and is *still* being used as the sole predicate for the relief plaintiff claims in this Court.

¹ The paragraph 12 situation does *not* typify the issues posed by the summary judgment motion, each of which is entitled to separate and reasoned disposition by the Court.

Nor is it correct that defendant's motion is in substance a charge that plaintiff can't prove its case on the merits. *Per contra*, our position is and has always been that plaintiff is disqualified to be heard on its case, *whether* or not provable, because of its perjured complaint which its counsel suborned.

1. *The Fact of Actual Confusion is Material in Trademark Litigation*

The Court's assumption that it is immaterial to the question of likelihood of confusion whether or not actual confusion has occurred is refuted by the Court's own cited authorities, all of which make it clear that evidence as to whether or not there has been *actual confusion* is always relevant and material in attempting to apply the likelihood of confusion test, whether under 15 U.S.C. 1125(a) or otherwise. Thus, in *Anti-defamation League v. National Mexican American Antidefamation Committee*, 510 F. 2d 1246, 1247 (D.C. Cir. 1975), the court emphasized that "Eleven instances which we think could quite reasonably be found to be actual confusion were placed in evidence". In *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 307 F.2d 495 (2 Cir. 1962) the court said "The district court based its order granting the preliminary injunction on a finding that confusion did exist in the real estate field as a result of the use of the name 'Safeway' by both parties in their corporate titles" (307 F.2d at 498) and later noted that "The district court found confusion to be present in the minds of some people. From this fact it was reasonable to conclude that confusion would occur and probably would increase" (307 F.2d at 499).

In *George Washington Mint, Inc. v. Washington Mint, Inc.*, 349 F. Supp. 255, 262 (S.D. N.Y. 1972), the court affirmatively recognized actual confusion as relevant and material even though not necessary on the issue of likelihood of confusion and said "while there has been no proof of actual confusion yet, the very reading of the two trademarks make it obvious that there is a strong likelihood of confusion (at least in commemorative silver plates) and proof of actual confusion is not necessary . . . [citing case] where the products are the same and the class of customers relatively the same."

Plaintiff thus misrepresented a relevant and material fact, full knowing that the *presence* of actual confusion, as in *Safeway Stores, supra*, would greatly enhance its chances of prevailing in this case. The fact that plaintiff *might still* prevail on the merits, even in the absence of actual confusion, does not excuse plaintiff's deliberate perjury—and, indeed, is simply immaterial to the overweening issue posed by our motion, *viz.*, whether plaintiff can be heard at all after testifying falsely in the verified complaint.

2. *If Plaintiff has Unclean Hands its Whole Claim
must be dismissed*

The notion that plaintiff's perjury would *at most* disqualify it from proving actual confusion, which is implicit in the Court's assertion that "Ownership of the trade name 'Genie' in dental products and infringement remain issues in the case" is not supported by the very cases cited in this Court's opinion. In *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240 (1933), the Court affirmed dismissal of four complaints involving claims for infringement of five patents because plaintiff had attempted unsuccessfully to obtain preliminary injunctions "based upon the complaints, supporting affidavits and the pleadings, opinion and decree in the Byers case" (290 U.S. at 242). The decree in the Byers case was shown to have been obtained, *as to one patent only*, through suppression of material evidence, *inter alia*, in a false affidavit. The plaintiffs *argued* "that the maximum does not apply unless the wrongful conduct is directly connected with and material to the matter in litigation and that, where more than one cause is joined in a bill and plaintiff is shown to have come with unclean hands in respect of only one of them, the others will not be dismissed." (290 U.S. at 244). The Supreme Court said that the plaintiff "did not come with clean hands in respect of any cause of action

in these cases" (290 U.S. at 247). It did not separate out patents on which there had been no prior evidentiary suppression; it *did not* excuse the attempted use of prior fraudulently obtained decree in the Byers case to induce preliminary injunctions simply because no such injunctions had actually issued.

In *Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co.*, 324 U.S. 806 (1945), two suits involving three patents were dismissed because the plaintiff was shown to have known of a predecessor owner's perjurious conduct before the Patent Office with respect to *one patent only* and to have failed in disclosing it either to the Patent Office or the district attorney.

In *The Diversey Corp. v. Charles Pfizer & Co.*, 255 F.2d 60 (7 Cir. 1958) the complaint was dismissed for unclean hands based on a false affidavit supporting a motion to take depositions immediately after the filing of the complaint. The falsity lay in a representation that both of two defendants might suppress or destroy evidence absent the relief requested in the motion, even though plaintiff knew one defendant, later voluntarily dismissed, was friendly and *would not* so act. The court held,

"A court of equity will not entertain the suit of one who by deceit or any unfair means has gained an advantage as plaintiff has here. To aid this plaintiff would make the court an abettor of inequity . . . [citing cases, including *Precision*, *supra*] (255 F.2d at 62).

And see *Gaudiosi v. Mellon*, 269 F.2d 873, 882 (3 Cir. 1959)² wherein the court rejected the notion that unclean hands infects only the specific rights or issues to which the inequitable conduct is directed, saying:

² Cited approvingly in *Coca-Cola Co. v. Howard Johnson Co.*, 386 F. Supp. 330, 337 (N.D. Ga. 1974) on which this Court's opinion relies.

"There remains for disposition Phillips' contention that 'the maxim of "unclean hands" does not dispose of the rights of others' and that 'neither plaintiffs Gaudiosi or Schwartz participated in these [inequitable] acts of Phillips, thus the defense is totally inapplicable to them, as well as to the 23,000, or less, stockholders upon whose behalf all three plaintiffs sued.' "

"The contention is utterly without merit. It ignores the earlier cited principle *that courts are concerned primarily with their own integrity* in the application of the clean hands maxim. Courts in such situations act for their own protection, and not as a matter of 'defense to the defendant.' Public policy not only makes it obligatory for courts to deny a plaintiff relief once his 'unclean hands' are established but to refuse to even hear a case under such circumstances." (Emphasis added)

The same principles of law have prevailed in this circuit for *at least* sixty-five years. See *Primeau v. Granfield*, 193 F. 911, 913 (2 Cir. 1911).

3. *Fraud in the Complaint is Necessarily an Integral Part of the Plaintiff's Claim*

Courts of equity have *always* recognized that deliberate false representations in a verified complaint compel its dismissal. See *Zearfoss v. Zearfoss*, 164 A. 2d 893, 112 N.J.Eq. 530 (1933); *Clark v. Watts*, 77 A.2d 188, 10 N.J. Sup. 243 (1950).

Moreover, a fraud upon the Court itself—whether in the complaint or elsewhere—is always connected with the subject matter of the litigation in which that fraud is practiced and compels dismissal of the plaintiff's case. See *Matthes v. Seymour Mfg. Co.*, 23 F.R.D. 64, 93-94, and cases cited including *Keystone*, *supra*; see also, *e.g.*, *Gaudiosi*, *supra*, *Primeau*, *supra*, and *Diversey*, *supra*.

CONCLUSION

The January 6, 1976 memorandum and order should be reconsidered and a summary judgment of dismissal entered, with costs and attorney's fees to defendant.

NOTICE OF WITHDRAWAL OF:

**(1) NOTICE OF DEFENDANT'S MOTION TO
RECONSIDER MEMORANDUM AND ORDER
DATED JANUARY 6, 1976**

AND

**(2) MOTION TO RECONSIDER JANUARY 6, 1976
MEMORANDUM AND ORDER**

PLEASE TAKE NOTICE, that the defendant, having concluded that the Order dated January 6, 1976 is appealable, hereby withdraws and vacates the subject Notice of Motion to Reconsider said Order and the Motion to Reconsider without prejudice. Accordingly there will be *no* hearing, pursuant to said Notice of Motion, on February 6, 1976.

A Notice of Appeal has been concurrently filed.

Dated: February 3, 1976.

**NOTICE OF APPEAL FROM ORDER OF
JANUARY 6, 1976, PURSUANT TO RULES 3 & 4 OF THE
FEDERAL RULES OF APPELLATE PROCEDURE**

Notice is hereby given that LEE PHARMACEUTICALS, the above-named defendant, hereby appeals to the United States Court of Appeals for the Second Circuit, from the Order dated January 6, 1976, denying said defendant's Motion for Summary Judgment.

Dated: February 3, 1976.

ORDER TO SHOW CAUSE

Upon the annexed affidavit of H. Gordon Pelton, sworn to the 11th day of April, 1974, and upon the summons and verified complaint, it is

ORDERED, that defendant show cause before this Court, at the United States District Courthouse, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, New York, in Court Room 1, on the 26th day of April, 1974, at 9:30 A.M., in the forenoon of that day, or as soon thereafter as counsel can be heard, why an order should not be entered pursuant to Rule 65 of the Federal Rules of Civil Procedure:

A. Enjoining and restraining defendant, its agents, servants and employees and all persons acting under it or on its behalf, during the pendency of this action, from directly or indirectly using the trademark GENIE, or any other mark, name or style containing the word GENIE, or any other word or style confusingly similar to plaintiff's trademark GENIE, on any dental product manufactured, promoted, sold or distributed by defendant; and

B. Granting plaintiff such other and further relief as to this Court may seem just and proper.

Sufficient cause appearing therefor, it is further

ORDERED, that service of a copy of this Order, together with the copy of the papers upon which it is based, on the defendant personally at its offices in South El Monte, California on or before 5:00 P.M., April 16, 1974, shall be deemed good and sufficient service.

April 12, 1974

Brooklyn, N.Y.

/s/ John F. Dooling, Jr.
U.S.D.J.

**PLAINTIFF'S MEMORANDUM IN SUPPORT OF
MOTION FOR PRELIMINARY INJUNCTION**

Preliminary Statement

This memorandum is respectfully submitted by plaintiff Ceramco, Inc ("Ceramco") in support of its motion, brought on by order to show cause, for a preliminary injunction enjoining and restraining defendant Lee Pharmaceuticals ("Lee"), during the pendency of this action, from using plaintiff's trademark "GENIE", alone or in combination and from otherwise infringing plaintiff's trademark rights and unfairly competing with plaintiff. The facts in support of the motion are set forth in the verified complaint and in the affidavit of Gordon Pelton, president of Ceramco, and will only be briefly repeated here.

Statement of the Facts

This is an action for the federal statutory tort of unfair competition under Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a); for common law trademark infringement and unfair competition; and for unfair competition under the common law of the State of New York and Section 368(d) of the General Business Law of New York.*

Ceramco was and is in the business of developing, manufacturing and selling ceramic dental products, primarily materials used by dental laboratories in the construction and shading of porcelain dental bridge works. Such products are sold to dentists and dental laboratories, and are not sold to the general public. Over the years Ceramco has acquired an outstanding reputation in the dental products field for its high quality products.

* Section 43(a) of the Trademark Act and Section 368(d) of the General Business Law are set forth in the Appendix at the end of this memorandum.

In April 1973, pursuant to a written contract Ceramco acquired from Culver Laboratories, Inc. and the Wilkinson Company (hereinafter "Culver-Wilkinson"), all right, title and interest in a dental metal composition product designed for use as a corrective and repair material for gold crown, bridges and the like (hereinafter the "Corrective Composition"), including all right, title and interest to the trademark GENIE, used alone or in combination, including the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE. The variations in the name relate to different colors and compositions available. The Corrective Composition consists of a powdered material (mostly 24 carat gold), a mixing liquid and a mixing bowl. The powdered material and the liquid are mixed together to form a thick putty which is used to fill up holes in ceramic gold alloys and can also be used to extend margins. The Corrective Composition is presently sold by Ceramco in three different colors, under the names GOLD GENIE (to match very yellow-gold alloys), CERAMIC METAL GENIE-Yellow Color (to match yellow-white gold alloys) and CERAMIC METAL GENIE-Platinum Color (to match white gold alloys).

The Corrective Composition under the various forms of the GENIE trademark has been continuously sold in interstate commerce since 1968, first by Culver-Wilkinson and after the acquisition by Ceramco itself. As part of the acquisition in April 1973, Ceramco acquired all use rights to the GENIE trademark which had been developed by Culver-Wilkinson.

Culver-Wilkinson expended a great deal of time, effort and expense, including national regional and point-of-sale advertising and promotion in the dental field to develop a market for the Corrective Composition under the GENIE trademark. All packaging materials, instructions and advertising prominently displayed the mark.

Sales of the Corrective Composition sold by Culver-Wilkinson under GOLD GENIE and CM GENIE have been as follows:

1968	—	\$ 3,123.75
1969	—	6,167.65
1970	—	8,741.25
1971	—	14,845.33
1972	—	20,986.45
1973 (1st and 2nd quarter only)		23,724.08

Advertising expenditures for the same period were approximately \$8,000.

Ceramco, since purchasing rights to the product and good will associated with the trademark, has continued to develop a market for the product under the GENIE trademark. It was promoted and advertised extensively in the dental product field to inform potential purchasers that Ceramco is now the source of the Corrective Composition sold under the GENIE trademark. It sent out introductory promotion materials to over 5,000 persons and organizations in the dental field stating that it now handled the GENIE products, and that there were three colors available in the "Genieline." Sales by Ceramco itself have been approximately \$21,000, and advertising expenditures (not included expenses of Ceramco's nationwide sales force) have been approximately \$2,500.

In recent months Ceramco has discovered that the defendant Lee, a California manufacturer and seller of dental products, has misappropriated the trademark GENIE in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets. Like Ceramco's product, Lee's product is sold solely in the dental product field and is

not sold to the general public. In advertising and product information literature Lee has included the statement: "The term GENIE is a trademark of Lee Pharmaceuticals." In addition Lee filed a trademark application for the name GENIE in the Patent Office on or about November 19, 1973, and stated in that application that it first used the mark on May 23, 1973, years after the first use by Culver-Wilkinson.

Lee's attempt to register the GENIE mark clearly represents an attempt to interfere with Ceramco's exclusive right to use the mark in the dental product field. An investigation conducted by Ceramco indicates that Lee's product is being distributed throughout the United States by various dental supply houses, including dental supply houses located in the State of New York.

Although the two products technically have different uses, it is clear that Lee's recent use of the trademark GENIE for its dental product, a product that is, in fact, closely related to Ceramco's dental product, infringes upon Ceramco's rights, and use of the GENIE trademark will, if maintained, dilute the very substantial good will which Culver-Wilkinson first and then Ceramco built up in the GENIE trademark. It is also clear that dentists, dental technicians and dental supply houses will all come under the erroneous impression that Lee's product sold under the fanciful and non-descriptive trademark GENIE emanates from or is connected with the same source that sells the Corrective Compositions under the same fanciful mark. Ceramco for years has been well known in the dental product field as a highly reputable maker of dental products of the finest quality.

Upon learning of Lee's use of the mark, Ceramco, through counsel, demanded in writing in January, 1974 that Lee cease its use of the GENIE trademark, but, far from stopping, Lee continues to distribute its dental products under the trademark GENIE. If Lee is al-

lowed to continue to use the GENIE trademark in the dental product field. Ceramco will suffer irreparable harm as a result of the dilution of the good will in the GENIE trademark purchased and built up by Ceramco, and by the confusion in the minds of the purchasers as to the source of each dental product. Ceramco has told potential purchasers that it is the source of GENIE products, and of the Genieline, and confusion in the minds of the purchasing public as to the source of Lee's product will inevitably result. It cannot harm defendant to switch to another mark; its use has only been of recent origin and the mark is a fanciful arbitrary one.

ARGUMENT

Defendant Should be Restrained Preliminarily from Continuing to Use GENIE in Violation of Plaintiff's Rights

A preliminary injunction in a trademark infringement and unfair competition case will be granted upon the showing of the probability that plaintiff will prevail on the merits and that plaintiff will suffer irreparable injury if the injunction is not granted. Preliminary injunctive relief is commonly granted in trademark infringement cases and unfair competition lawsuits. *P. Daussa Corp. v. Sutton Cosmetics (P.R.) Inc.*, 462 F.2d 134 (2d Cir. 1972); *Sutton Cosmetics (P.R.) v. Lander Co.* 455 F.2d 285 (2d Cir. 1972); *The Franklin Mint, Inc. v. Franklin Mint, Ltd.*, 331 F.Supp 827 (E.D. Pa. 1971); *Pantone, Inc. v. A.I. Friedman, Inc.*, 294 F.Supp 545 (S.D.N.Y. 1968); *Noma Lites, Inc. v. Lawn Spray Inc.*, 130 F. Supp 124 (E.D.N.Y 1955) *aff'd*, 222 F2d 716 (2d Cir. 1955). Moreover, in such cases, once a plaintiff establishes a likelihood of success, a detailed showing of irreparable injury is not required since the injury is established from the fact of defendant's con-

tinued infringement and misuse of plaintiff's mark. *Pantone, Inc. v. A.I. Friedman, Inc.*, *supra*, at p. 552.

"... [I]n trademark cases, confusing similarity between marks is sufficient injury to warrant the issuance of a preliminary injunction." *P. Daussa Corp. v. Sutton Cosmetics (P.R.) Inc.*, *supra*, at p. 136.

In the instant case, plaintiff has clearly satisfied these tests. There is no question but that plaintiff (and its predecessors in rights) has established prior use of the mark. It has used the fanciful mark GENIE in the dental product field for years and has developed it extensively. Plaintiff has become identified as the source of GENIE products and of the "Genieline." Defendant, on the other hand, has only recently started to use the mark on a closely related product in the dental field. Unless enjoined plaintiff's mark will be diluted, there will be confusion and all of plaintiff's efforts to identify itself as the source of high quality dental products under the GENIE mark will be for naught.

*Plaintiff has Shown a Probability of
Success on the Merits under Federal
Law, Common Law and the Law of the
State of New York*

A trademark is any word or name adopted and used by merchant to identify his goods and distinguish them from the goods of others. CALLMAN, *Unfair Competition and Monopolies*, 3d Ed. § 65. A "technical trademark" is a trademark which is distinctive, fanciful and arbitrary in relation to the goods which it designates, and is entitled to broad protection from the moment it is adopted without any secondary meaning having been established. *Blisscraft of Hollywood v. United Plastics Co.*, 294 F.2d 694 (2d Cir. 1961). Clearly plaintiff's mark GENIE for its dental products is such a technical mark entitled to this broad protection.

Rights in trademarks arise out of the common law, from adoption and use, and it is not necessary to register a mark in order to obtain the right to its exclusive use. Thus Judge Bonsal held in *Proxite Products v. Bonnie Brite Products*, 206 F.Supp. 511, 514 (S.D.N.Y. 1962):

"Registration of a trademark is not essential to the acquisition of a protectable interest in the mark. and registration of a mark under the Lanham Act does not of itself create trademark rights. It is the priority of use in commerce on the owner's goods as a designation of origin which gives the owner the right to a mark . . . The exclusive right to the use of a trademark has always rested and still rests on the common law."

The first person to obtain common law rights in a trademark in an area has priority over persons who subsequently use the mark, even though the subsequent users may be innocent in adopting an infringing mark, and even though defendant adopted the mark without intention to trade on someone else's image and goodwill. *Communications Satellite Corp. v. Comcat, Inc.* 429 F.2d 1245 (9th Cir. 1972). As stated in Comment F to Section 717 of the Restatement of Torts: "When two or more persons use the same trademark that person who first affixes the designation to goods as his trademark and so sells them is entitled to its exclusive use." Plaintiff's prior use, throughout the United States, of the technical trademark, GENIE, has generated for plaintiff common law trademark rights in GENIE throughout the United States.

A trademark infringement occurs when a person adopts another's mark and there is likely to be confusion as to the source of origin of the infringing goods. Proof of actual confusion is unnecessary. *Safeway Stores, Inc. v. Safeway Properties, Inc.* 307 F.2d 495, 499 (2d Cir. 1962).

It is not necessary for the trademarks to be identical for trademark infringement to exist. Confusing similarity is all that is necessary. In *David P. Findlay, Inc. v. Walstein C. Findlay*, 18 N.Y.2d 12 (1966), *cert denied*, 385 U.S. 930 (1966), the defendant was enjoined from using his own name, Wally Findlay, in an art gallery business, where that name was confusingly similar to that of plaintiff, David Findlay.

In the instant case, the marks are exactly the same except for plaintiff's color and composition designation. Where the marks are the same, confusion in the minds of potential customers can be inferred. In *KiKi Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097 (2d Cir. 1969), in which both parties were using the fanciful word KiKi on various items in the clothing field, the Court in granting injunctive relief stated (at p. 1100-01)

"Because the likelihood of confusion stems from the fact that the marks used by plaintiff and defendant are not only similar but identical, this Court is in as good a position as the trial court to determine the question of probable confusion . . ."

"The fact that there was little or no evidence of actual confusion is of no significance because with identical marks and similarity of use, there is great likelihood of confusion of source and 'in the final analysis the decision must rest on the court's convictions as to possible confusion.' *Miles Shoe, Inc. v. R.H. Macy & Co.*, *supra*."

Similarly, in *W.F. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656 (2d Cir. 1970), dealing with plaintiff's trademark "Trim" and defendant's mark "Cuti-Trim" the Court enjoined defendant's use of the mark, holding (at p. 662):

"[A] showing of actual confusion is not necessary and in fact is very difficult to demonstrate . . . Here there is certainly the likelihood of confusion between two names so similar." (emphasis in original)

Section 43(a) of the Trademark Act, 15 U.S.C. § 1125 (b) is a basis for a cause of action for trademark infringement where the use of the infringing term constitutes a false designation of origin or a false description or representation. Section 43(a) applies to unregistered common law trademarks used in interstate commerce.

In *Mortellito v. Nina of California, Inc.*, 335 F.Supp. 1288, 1294-95 (S.D.N.Y. 1972), Judge Gurfein granted a preliminary injunction on both federal and state grounds. In describing the action under Section 43(a) he stated:

"Regarding the claim under the Lantham Act, it is not a prerequisite that the mark be registered . . . A claim for relief arises if the defendant affixes to the goods a false designation of origin or any false description or representation . . .

"The gist of the action under this section is a use of the mark or trade name in interstate commerce which is likely to cause confusion or to deceive purchasers as to the source of the origin of the goods . . . A false representation or description would be violative of § 43(a) even though the plaintiff is not a direct competitor of the defendant.

" . . . How much confusion will result is not capable of measurement, but there has already been some; and that there is likely to be more, as each expands its business, appears quite predictable."

In the *Mortellito* case the injunction was granted even though, as the Court noted, the mark, NINA, was relatively weak (a name) and plaintiff was a small company without great advertising resources. In the instant case, the mark is a strong one and plaintiff has used the mark for years and extensively in the dental product field.

Infringement and unfair competition occurs even when defendant's goods are related to but not in direct com-

petition with the goods of the plaintiff. In an early, leading case, *Yale Electric Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928), the Court held that the manufacturer of "Yale" locks and hardware items was entitled to prevent the use of that same name on electric flashlight torches and batteries. Judge Hand's decision contains the following famous language (at p. 974):

"And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful."

There are numerous cases in which injunctive relief was granted for non-competing but related goods. Thus, in *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517 (2d Cir. 1953), the Court granted Admiral ranges and refrigerators protection by way of an injunction against Admiral sewing machines and vacuum cleaners. In *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 197 F.Supp. 938 (S.D.N.Y. 1961), *aff'd*, 307 F.2d 495 (2d Cir. 1962), Safeway grocery stores was granted a preliminary injunction against Safeway real estate. In *Proxite Products v. Bonnie Brite Products, supra*, "Bonnie" and "Bonnie Blue" bleach, ammonia and detergent was granted an injunction against "Bonnie Bright" glass and floor cleaners. In *Syntex Labs. v. Norwich Pharmacals*, 315 F.Supp. 45 (S.D.N.Y. 1969), *aff'd*, 437 F.2d 566 (2d Cir. 1971), "Vagitrol" vaginal cream product was granted an injunction against "Vagestrol" vaginal suppository product, the Court noting that the right to injunctive relief is even stronger in cases involving medical products. In *KiKi Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097 (2d Cir. 1969), the Court of Appeals, reversing the lower Court's decision, granted KiKi panty garments, pajamas and girdles an injunction against KiKi headbands, tights and hosiery. And in *W.F. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656 (2d Cir.

1970), plaintiff's "Trim" mark used on miscellaneous manicure products was granted an injunction against defendant's use of "Cuti-Trim" on cuticle removers. See also *Appollo Distributing Company v. Appollo Imports, Inc.*, 341 F.Supp. 455 (S.D.N.Y. 1972).

In *Communications Satellite Corp. v. Comcet, Inc.*, *supra*, the Court granted an injunction restraining defendant from using the mark "Comcet" in the computer field as infringing plaintiff's mark "Comsat" in the global communications field. The Court of Appeals rejected the lower court's finding of no likelihood of confusion as to source of sponsorship. The Court noted that: "Although they do not compete, their services and products are closely related." The Court also rejected defendant's argument that there could be no confusion because buyers were sophisticated. It held (429 F.2d at 1252):

"However, the expertise of purchasers does not always assure the absence of confusion. . . . Even buyers of specialized equipment may assume that related corporations are the source of non-competitive goods . . .

"A reasonable person may well believe that Comcet's communications computers come from a source related to Comsat's communications services."

Plaintiff's right to relief under the law of unfair competition of the State of New York and under Section 368-d of the General Business Law of the State of New York is equally clear. In fact plaintiff's burden under those laws is easier. In the *United Merchants and Mfgs., Inc. v. Amtex Fabrics*, 29 Misc. 2d 86, 212 N.Y.S.2d 498 (Sup Ct. N.Y. Co. 1961) the Court noted that the policy of the law in this State is expanding in favor of the protection of an established name or trademark against unfair incursion of a new-comer. Judge Gurfein in the *Mortellito* case, *supra*, commented (235 F.Supp at 1295): "With respect to the claim for relief under the New York

law of unfair competition, it is, if anything, easier for the plaintiff to prevail."

In *Sullivan v. Sullivan Radio & T.V.*, 1 A.D.2d 609, 152 N.Y.S.2d 227 (1st Dep't 1956), the Appellate Division, reversing the denial of a preliminary injunction by the lower court, enjoined the defendant from operating a TV repair store under his own name since it was similar to the nationally known T.V. personality even though there was no direct competition between the two. The Court stated (at p. 610):

"It is quite clear that, at the present time at least, there is no direct competition between appellant and respondent. However, both operate in the same general field and this court has consistently held that it is not essential for parties to be in competition with each other in order to sustain an injunction . . . , and injunctions have issued against the use of similar names in business even in the absence of a threat of confusion as to the source or sponsorship of the goods or services . . ." (citations omitted)

In *Martha Washington Candies Co. v. Martha Washington Ice Cream Co.*, 280 A.D. 256, 113 N.Y.S.2d 119 (1952), the defendant was enjoined against unfairly competing with plaintiff by using "Martha Washington" in connection with frozen confectioneries in light of plaintiff's prior rights to that term. The Court stated (p. 121):

"The precise nature of the products of the parties is not of primary significance. It has repeatedly been held that the use of like names or trademarks even on noncompeting goods is unfair competition and entitles the aggrieved party to injunctive relief." (Citing cases)

Section 368-d of New York's General Business Law, commonly referred to as the anti-dilution statute, provides for injunctive relief "notwithstanding the absence of competition between the parties or the absence of con-

fusion as to the source of goods or services." In discussing this statute, Judge Gurfein held in the *Mortellito* case, *supra*:

"Dilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark. 3 R. Callmann, *supra*, at 955-57

"Here we find what Judge Geller of the New York Supreme Court called a "'whittling down' [of] the identity and reputation of plaintiffs' names." *Renofab Process Corp. v. Renotex Corp.*, 158 N.Y.S.2d 70, 77 (N.Y.Co.Sup.Ct. 1956). He held that, in New York: "[t]he likelihood of damage through 'dilution' of its mark or symbol is enough" (*Id.*) Therefore, the plaintiffs are certainly entitled to relief under the more lenient state standards, which focus more on notions of equity and dilution than does the Lanham Act." 335 F.2d at 1295

Plaintiff Will Be Irreparably Injured If The Injunction Is Not Granted

Plaintiff will be irreparably harmed if the injunction is not granted. Confusion in the dental product field is inevitable, and plaintiff's advertising as the source of GENIE products will be wasted. Without a preliminary injunction, and a trial to be years away, defendant can continue to capitalize on use of the name in the dental product field, and inevitably there will begin an attrition of the aura of exclusivity appropriated to plaintiff's good will. Plaintiff's reputation will be taken out of its control, and plaintiff's right to build upon its mark will be in a state of limbo for years. In *Franklin Mint, Inc. v. Franklin Mint, Ltd.* 331 F.Supp. 827, 830 (E.D. Pa. 1971) the Court stated:

"By depriving plaintiff of the ability to control the nature and quality of defendant's goods, defendant inflicts serious harm upon plaintiff. This deprivation, without more, constitutes irreparable injury."

It is quite clear that defendant will not be damaged by a preliminary injunction. Its use of the GENIE mark has been quite recent, it is a fanciful mark, and defendant was advised to stop its unauthorized use of the mark in timely fashion. In *United Merchants and Manufacturers, Inc. v. Amtex Fabrics Inc.*, *supra*, the Court stated:

"Weighing the equities in light of all the circumstances, the defendant shall be enjoined now. The defendant should be stopped at the threshold of its enterprise, when suppression of the use of its name can harm it least and before it has been able to capitalize on it to the continued injury of the plaintiff . . ."

CONCLUSION

Plaintiff has clearly established its exclusive right to the GENIE mark in the dental field. Defendant's recent use of the mark is illegal, will cause confusion and inevitably will dilute plaintiff's mark. For the foregoing reasons, plaintiff's motion for a preliminary injunction should be granted.

Respectfully submitted,

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APPENDIX

15 U.S.C. § 1125. False designations of origin and false descriptions forbidden

(a) Any person who shall affix, apply or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

§ 368-d. Injury to business reputation; dilution

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.